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487  
DESP. NO.

January 21, 1960

JAN. 24 1960

SUBJECT: Air Transport Project

In addition to the foreign exchange cost of the above aircraft the Government has approached the Embassy for local currency funds from "US uses" to finance an airport improvement program at Lod Airport totalling IL 14 million. This program, which includes the following components, will be the subject of a special despatch:

1. Construction of new Jet-runway (to be executed by a contractor)	IL 4,000,000
2. Improvement of existing runways	650,000
3. Construction of new terminal building (includes planning, supervision, local equipment and auxiliary structures)	4,450,000
4. Construction of access roads	400,000
5. Construction of new main apron	2,350,000
6. Improvement of existing aprons	300,000
7. Construction of new taxiways	250,000
8. P.W.D. planning	200,000
9. P.W.D. supervision	<u>150,000</u>
Total	IL 12,750,000

10. Installation of electronic equipment, etc.

see next page

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By SP4 NARA Date 2/11/98

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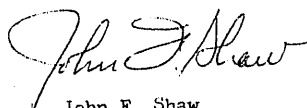
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Disp. No.     
From Tel Aviv

10. Installation of electronic equipment, other local materials and structures

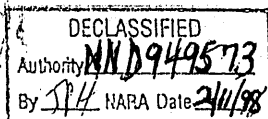
IL 1,400,000

FOR THE AMBASSADOR:



John F. Shaw  
First Secretary of Embassy

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INCOMING TELEGRAM

Department of State

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FROM: Tel Aviv

TO: Secretary of State

NO: 810, February 25, 5 p.m.

SENT DEPARTMENT 810, REPEATED INFORMATION ROME 20  
FOR FAA REGIONAL OFFICE

Director General Ginsburg, Ministry of Communications, leaving for US February 27. Plans discuss procurement jet aircraft with Boeing and possibly others. Also desires to discuss General Aviation matters and GOI airport improvement program with FAA. Hopes appointment can be arranged with Faa Director Quesada.

Ginsburg trip together with current comments from Ministry Finance indicates that GOI now making serious effort obtain jets. In addition possible rental arrangement reported G-80 government hopes obtain definite delivery commitment from manufacturer and to arrange financing. Latter reportedly discussed with Export Import within past several days.

Although government not yet made formal request for financial assistance in improving airport Ministry Finance has provided Embassy with draft proposal. Plan is to request DLF financing for navigational and lighting equipment and local currency funds for jet runway. Draft plan being airpouched for background information.

Suggest FAA officials may wish discuss with Ginsburg existing operational facilities at LOD airport and particularly navigational aids, in addition to GOI plans for operation on jet runway now being constructed. Embassy understands TWA pilot arriving February 26 reported VOR and NDB beacon operating very erratically. Embassy has urged GOI for some months now need improving navigational aids for existing runways.

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M-789

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DEPARTMENT OF STATE

## Memorandum of Conversation

DATE: March 11, 1960

SUBJECT: Israel's Transportation Planning, Particularly for Jet Aircraft and Port Development

PARTICIPANTS: Mr. Pinchas Ginsberg, Director General, Ministry of Transport and Communications, Israel  
Mr. Avraham Salmon, Economic Counselor, Embassy of IsraelNE/E - Mr. Randall S. Williams  
NE/E - Mr. Enoch S. Duncan

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Mr. Ginsberg reviewed developments in connection with Israel's plans for transportation development. Israel is negotiating with American producers of jet aircraft for 4 jets, currently estimated to cost them \$26 million. They are talking with both Boeing and Convair, but Mr. Ginsberg said that Convair was going a long way in helping them arrange financing. Israel has not yet decided on the next step relative to proposed Eximbank financing. Mr. Ginsberg felt that with either 4 Convairs or 4 Boeings, Israel's airline could hope to reach the "break-even" point within about one year.

Mr. Ginsberg noted the very active interest Ambassador Reid and Mr. Shaw have shown in the problems of LOD airport. Israel is not prepared for the jet era as yet but has started construction on necessary runway extension. The airport will also need buildings and greatly expanded passenger handling facilities. The airport expansion for the jet age requirements would cost an estimated total of \$15 million in local currency. Israel is considering financing this with U.S. owned local currency but has not yet decided on a specific proposal. Electronics equipment is a major problem and Israel needs at least \$600,000 in dollars. DLF or Eximbank financing is being considered. Orders must be placed by August, 1960, if the airport is to be ready for jets by early 1961.

Mr. Ginsberg said he was pleased with the cooperative attitude of FAA officers with whom he had met. He had provided a set of the plans for the

airport

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airport development to FAA for a check by its technical division and he understood, if necessary, FAA would send technicians to Israel to check out the adequacy of the plans.

He also took up with FAA Israel's desire to have an FAA check plane from Beirut make the semi-annual checks of the ILS and VOR. The services of the plane stationed in Beirut had previously been refused and a plane from Frankfurt offered. The plane from Frankfurt, however, costs Israel about \$6,000 for each semi-annual check and the charge for the other plane would be a matter of a few hundred dollars. He said the FAA promised to check into the possibility of using the check plane stationed in Beirut.

Mr. Ginsberg said he had discussed with the IBRD proposed development of the Port of Ashdod. Israel has applied for a loan of \$46 million to cover the first phase of this port development. An international tender for the breakwater is scheduled for about July, 1960. IBRD action is expected by June. Israel plans to finish the port about 1964-65 but hopes to have part of it ready for the orange crop in 1963. Israel expects to be exporting 18 million cases of oranges in 1963 compared with 9 million cases annually at present.

Mr. Ginsberg said that the head of the New York Port Authority has agreed to visit Israel as an IBRD expert and make recommendations for the establishment of a port authority in Israel that would be self-supporting and qualify as a borrower from the IBRD. At present, Israel has a straight government-owned and operated system of administering the ports.

Mr. Williams thanked Mr. Ginsberg for the review of plans for development in aviation and ports. No comment appeared to be expected, nor was any made, regarding the possible United States attitude toward any of the financing requirements of the project described.

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PRIORITY	FOREIGN SERVICE DESPATCH	<b>984a.72/3-2460</b>
FROM : American Embassy, Tel Aviv	634	<b>NR 984a.724</b>
TO : THE DEPARTMENT OF STATE, WASHINGTON.	DESP. NO.	<b>41184a.41</b>
REF : CERP: Section D; Item VIII-A-4	March 24, 1960	<b>RW</b>
	DATE	<b>MAR 27 1960</b>
52 For Dept. Use Only	ACTION <b>711-3</b>	DEPT. <b>IN</b>
	REC'D <b>3/28</b>	OTHER <b>FAA-5-CAB-6-Air-6-Cia-10-Com-10-Navy-3</b>
SUBJECT: Israel's Discussions with US Aircraft Companies and the FAA <b>Army-4</b>		

Mr. P. Ginsburg, Director General of the Ministry of Transport and Communications, called on the Economic Section of this Embassy a few days ago to report on his visit to the United States from which he had just returned. He was accompanied by Mr. Martin Sandler of the Israel Civil Aviation Department. Mr. Ginsburg went to the United States in company with General Ben Artzi, Managing Director of El Al, Israel Airlines, who has remained there for further discussions. They negotiated with the Boeing, Douglas, and Convair Aircraft companies upon terms for the purchase of jet aircraft by El Al. They also spoke with the Federal Aviation Authority on technical aspects of the new runway now under construction and the planned new terminal facilities. Following is a summary of their conversations.

#### Negotiations with Aircraft Companies

Convair offered the better terms, but Ginsburg felt that from the technical point of view the Israelis will prefer the Boeing 707. (Newspapers here quote Mr. Ginsburg as saying the companies had offered to accept 20 percent of the purchase price at the time of order and the balance on delivery.) Convair, he stated, offered to accept El Al's four Bristol Britanias at their book value as trade-ins on the price of Convairs 600's, and this offer would have taken care of a difficult financing problem in the change-over from piston aircraft to jet aircraft. Nevertheless, the Boeing 707 appealed more to the Israelis because of its higher pay load and longer range. The 707, for example, can fly fully loaded non-stop from Rome to New York, whereas the Convair with a smaller pay load cannot always fly non-stop even from Paris to New York. This would be a decisive factor for El Al. The decision is now up to El Al, the Finance Ministry and the Transport Ministry. Israel has applied for a seven-year Export-Import Bank loan to finance the purchase.

#### Conversations with the FAA.

Mr. Ginsburg said he had had fruitful conversations with Mr. Pyle and Mr. Malloy of the FAA. The principal matters discussed are summarized below.

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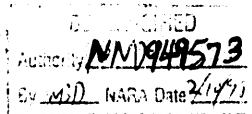
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From Tel Aviv

1. Mr. Ginsburg had asked for use of the FAA aircraft located at Beirut for the periodic checking of the navigational and landing aid systems at Lydda Airport. While Mr. Malloy had informally given a negative response to this, he had promised a definitive reply.

2. In the meantime, he had offered to sell to the Government of Israel a Beechcraft airplane fully equipped for such checking. This aircraft would be sold under very favorable conditions which in the long run would prove cheaper than the rental of the aircraft stationed at Beirut or Frankfurt. Mr. Malloy would forward the exact conditions under which the Beechcraft could be purchased.

3. The FAA promised to supply technicians and other assistance connected with the airport development program. It would send an electronics engineer to advise on the installation of electronics and communications equipment. Mr. Malloy also undertook to have FAA's technical staff study the master plan for Lydda Airport, submit comments and possibly send some of its airport technicians to Israel to discuss these plans.

#### Financing of the Airport Program

Mr. Ginsburg then turned to the question of financing the airport development program. He furnished the following cost and budget estimates:

#### I. Electrical, navigational and landing aid systems.

1. Two year equipment program to cost \$1,500,000.
2. Two year installation program to cost IL 1,800,000.
3. The equipment program for the 1960/1961 budget year would be \$700,000.
4. The installation program for the budget year 1960/61 would be IL 1,000,000.

#### II. Overall airport development program.

1. Total cost approximately IP 33,000,000.
2. Spent or budgeted to date:  
IP 4,000,000 new runway  
2,300,000 approximate electronic  
equipment and installation
3. Balance required approximates IP 27,700,000.
4. The airport development program is spread over five years; thus the average yearly expenditure approximates IP 5,500,000.

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Mr. Ginsburg referred to his Government's request for approximately \$1,500,000 in DLF financing for the electronic equipment. If such financing were not available, however, he said he had had an offer of ten years' credit from International Standard Electric, a subsidiary of ITT (International Telephone and Telegraph Corporation). Mr. Zvi Dinstein, Controller of Foreign Exchange, will try to obtain a decision on Israel's application for a DLF loan for this purpose on his forthcoming visit to the United States.

Mr. Ginsburg inquired whether any US-owned local currency could be made available for further financing of the new runway and the future terminal. He was informed by Embassy and USOM officials that this depended in part on priorities decided upon by the Government of Israel. However, Embassy and USOM would be willing to consider a proposal to utilize for this purpose part of the Israeli pounds earmarked for "US uses" under PL 480 programs and which had already been proposed by the GOI for further financing of industry and tourism; or alternatively section 104g funds.

FOR THE AMBASSADOR:

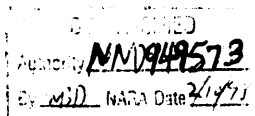
*Lewis R. Townsend*

Lewis R. Townsend  
Second Secretary of Embassy

Approved:

*John F. Shaw*  
John F. Shaw  
First Secretary of Embassy

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FOREIGN SERVICE DESPATCH		

FROM : American Embassy Tel Aviv

599

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON, April 25, 1960

CERP: Section B, Item VI-A, Section D, Item VIII-A-4, CA-394

REF : July 13, 1950 and EmbDespatch 216 of September 30, 1959

2 For Dept. Use Only	ACTION	DEPT.
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5-7	CERP 1268 E7 MAY 4 1960 CWA-10 FMA-5 AIR-6 CAB 6 ARMY XMB-4 NANY	

SUBJECT: Repetitive Statistical Reports on Transportation and Utilities  
Civil Aviation

The Embassy submits below the data and information requested through the Civil Aviation Questionnaire attached to the referenced CA-394. The sources of this information - the Civil Aviation Department of the Ministry of Transport & Communications, the Israel Government Yearbook, 1959/60, and the Israeli press.

- (a) There is no production of civil aircraft in this country.
- (b) A complete aircraft census was submitted as enclosures (1) and (2) to referenced Embassy Despatch 216 of September 30, 1959. No change has occurred since that date.
- (c) Data on foreign trade in aircraft and major aircraft components is submitted as enclosure (1). Figures on exports are not included since there were none.
- (d) The breakdown of passenger statistics presently available is attached as enclosures (2), (3) and (4). For comparison purposes enclosures (2) and (3) include figures from 1948 through 1959. It will be noted that the total number of international air passengers involved at Lod Airport reached the figure of 143,376 in 1958. Of this number, 56,000 flew via El Al which thereby accounted for 48% of the total passengers. In 1959 this figure rose to 167,703 (See enclosure 4). El Al's continued high percentage of total passengers carried is practically guaranteed due to the following considerations:

1. all Israeli officials fly via El Al
2. a high percentage of tourists to and from Israel fly via El Al for patriotic and sentimental reasons
3. the figures supplied include scheduled flights, a major category of which is immigrant air traffic

Among the remaining airlines, Air France accounted for possibly a disproportionately higher percentage of passengers in 1959 because it was the only airline with a scheduled flight to Teheran and therefore was able to handle much of the east bound traffic.

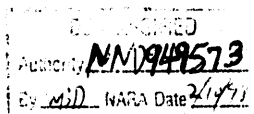
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(e) The breakdown presently available on air cargo statistics is submitted in enclosures (2), (3) and (5). It will be noted that statistics on international and domestic mail carried also appear in tables (2) and (3). El Al produced a total of 38,000,000 ton miles in 1957 and is expected to produce some 44,500,000 ton miles in 1959/60. El Al's turnover in fiscal 1959/60 is expected to exceed IL 33 million.

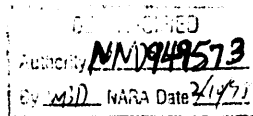
(f) There are a total of five airports listed in international publications to be used by commercial aircraft. Basic details are as follows:

1. The main airport is found at Lod and has three runways, the first 2360, the second 1770 and the third 1280 meters long.
2. The airport located at Ramat David near Haifa is primarily a military field and used for diversion from Lod only. It has two runways, the first 2450 and the second 1920 meters long.
3. There is also another airport near Haifa itself which has three runways, each 910 meters in length. This field is used primarily by internal commercial and private carriers.
4. Dov Hoss, near Tel Aviv, is the largest of those fields designed for internal use. It has two runways, the first 1300 and the second 1000 meters long.
5. The only other airport listed in international publications is found at Eilat. It has one runway, 1300 meters long and is designed for internal use. (Two additional small single runway airports are in use for internal traffic. One is located at Beersheba and the other at Machanaim, near Rosh Pina. The Embassy has no statistics on these fields. Neither are mentioned in international publications since not all of the required safety factors are provided.)

The Embassy does not have as such, any statistics on take-offs and landings. Enclosures (2) and (3) indicate, however, that 2458 international carriers landed at Lod in 1959 and 2155 domestic carriers; presumably there were a like number of take-offs.

A schedule of landings fees and other charges as received are included as enclosure (6).

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(g) The international schedule of flights arriving at and departing from Lod is attached as Enclosure (7). The scheduled internal flights are attached as enclosure (3). Both schedules of course are changed periodically.

(h) The importance of civil aviation, other than carrier services, is negligible, with the exception of the crop-dusting branch. The Embassy has no statistical proof on the subject, but some basis for this generalization can be gleaned from enclosure (2) to Embassy Despatch 216 of September 30, 1959. The fact that the Chim-Avir and Meron companies sprayed and fertilized half a million dunams this past year give meaning to the positive side of the generalization. (1 acre = about 4 dunams)

(i) As indicated in Embassy Despatch 216 of September 30, 1959, there is no general policy on the part of the Israeli government or the airlines which favors any one source over another in the procurement of aircraft abroad. The principal criteria remain performance, promptness of delivery and price.

Negotiations for the French Super-Broussard aircraft reported in the aforementioned despatch have not come to fruition yet and is suspected that there will be no deal. Present procurement activity lies in the jet field. The efforts of El Al to beat its competitors into the jet age by renting Boeing 707's from the Brazilian company "Varig" have also apparently come to naught. However, negotiations were recently conducted directly with several companies for purchase of jets. Mr. P. Ginsburg, Director General of the Ministry of Transport has just returned from the U.S. where he and Mr. Ben-Artzi, General Manager of El Al, discussed terms with Douglas, Convair and Boeing. Convair reportedly was ready to accept El Al's Britannias at book price as partial payment which meant that Israel could have acquired more jets than if she had had to dispose of the Britannias herself on the open market. Apparently the U.S. companies suggested that financing might be handled through a 7 year EXIM loan with a 20 percent down payment and the remainder due on delivery. Israel herself would probably prefer DLF financing although Ginsburg brought back one offer of a 10 year loan for the full purchase price which will amount to about \$18 million for 2-4 planes. Mr. Ginsburg has told Embassy officials that because of the larger range capabilities and greater pay loan the Boeing 707 is preferred by Israeli technicians. Boeing also has the best delivery time.

Mr. Ginsburg's opinion seemed to have been shared by both GOI and El Al who announced shortly after Mr. Ginsburg's return that they would purchase two 707's (420 series) with delivery dates in May and June 1961 with an option to buy a third. Plans are underway to negotiate an EXIM loan. Delivery dates on the 707's match nicely present GOI plans to complete the new jet runway at Lod in early 1961.

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From Tel Aviv

Service is supplied to the Israeli Air force, El Al and Arkia (internal commercial line) by Bedek, an aircraft maintenance company especially set up for this purpose. Recently foreign companies have begun to make use of Bedek facilities. At present jet maintenance is available only to the Israeli air force but this will of necessity have to be expanded to include commercial service in the immediate future. Already Air France's Caravelle jets make scheduled stops at Lod and TWA plans to operate Convair 880's from October 1960.

(j) No official annual reports or financial statements of air carriers, etc., have been made available to the Embassy but press reports have indicated that El Al operated at a slight profit in 1959/60 for the first time. Any annual reports and other missing data will be forwarded if and when received with appropriate reference.

The delay in submitting this report was occasioned partially by the failure of the Civil Aviation Department to promptly answer Embassy inquiries and partially by vacancies in the Economic Section.

FOR THE AMBASSADOR:

*James M. Balum*  
James M. Balum  
Third Secretary of Embassy

Approved: *John F. Shaw*  
John F. Shaw  
First Secretary of Embassy

*Lewis R. Townsend*  
Contributor to Report \*

Enclosures *att*

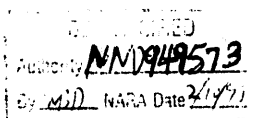
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\* See # 738 Attached

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ENCLOSURE 1

Import of Aircraft and Aircraft Components for 1958

1. Aircraft engines:  
2 from the United States  
2 from the United Kingdom  
1 from Cyprus

Total value: IL 107,020

2. Parts of airplanes motors  
and of gliders (Israeli owned)  
United States, United Kingdom, France, Western Germany,  
Belgium, Holland, Switzerland, Italy, Greece, Canada,  
( the countries of origin are enumerated in the order  
corresponding to their relative share in the total  
import)

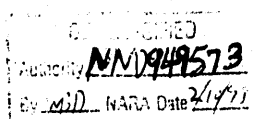
Total value: IL 6,034,465

3. Spare parts of airplanes  
(for foreign airlines):  
United States, Italy, Holland, France,  
United Kingdom, other countries.

Total value: IL 258,808

4. Airplanes and gliders  
United States - 7  
United Kingdom - 2  
Total 9

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From Tel Aviv

## International Traffic - Lod Airport for 1948 - 1959

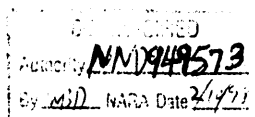
Mail Freight Kilos		Freight Kilos		Passengers		No. of	
Loaded (outgoing)	Unloaded (incoming)	Loaded	Unloaded	Outgoing	Incoming	airplanes	Year
21,266	24,714	85,110	98,952	6,495	4,696	1,135	1948
58,313	64,940	163,925	266,285	19,015	66,482	1,581	1949
73,824	167,324	536,336	1,397,044	33,837	82,778	2,247	1950
94,914	143,180	465,415	2,005,465	35,417	129,905	2,915	1951
95,550	163,537	503,713	1,322,346	32,656	27,283	1,601	1952
96,835	143,292	650,165	950,034	32,882	29,556	1,537	1953
91,261	145,127	587,434	732,468	34,684	33,288	1,295	1954
105,866	156,683	513,495	688,813	42,415	36,172	1,316	1955
124,449	163,908	588,923	719,251	44,382	41,788	1,549	1956
140,824	198,615	628,420	819,451	47,989	52,499	1,466	1957
166,746	264,608	950,668	1,068,938	71,447	71,929	2,225	1958
172,175	295,717	1,215,216	1,219,938	85,446	82,257	2,458	1959

(3)

Domestic Traffic - Lod Airport  
1948-1959

Mail Freight Kilos		Freight Kilos		Passengers		No. of	Year
Loaded (outgoing)	Unloaded (incoming)	Loaded	Unloaded	Outgoing	Incoming	airplanes	
-	-	-	-	1,500	1,443	722	1948
-	-	-	-	432	402	144	1949
-	-	551,694	74,413	6,985	7,500	629	1950
732	255	1,043,719	80,839	9,278	9,779	628	1951
2,040	605	511,429	47,162	9,612	10,576	548	1952
1,649	508	297,577	69,217	7,712	8,383	469	1953
1,515	572	270,645	55,474	5,511	5,545	693	1954
2,672	834	296,633	48,465	5,927	6,247	593	1955
4,631	1,521	322,267	31,912	12,754	13,990	1,194	1956
8,010	2,578	342,497	16,138	34,256	36,352	2,315	1957
10,747	4,731	51,711	14,113	31,708	34,666	2,203	1958
7,604	3,236	34,014	6,804	20,979	23,307	2,155	1959

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### Passenger Statistics - Lod Airport 1959

In                      Out  
 Total 82,257              35,446

#### Percentage of Total per Individual Airline

El Al	52.5
TWA	5.5
Air France	10
KLM	4.5
Swissair	4.5
BEA	5
Cyprus Airways	3.5
Sabena	2
Alitalia	4.5
Olympic	4.5
Others	3.5

(5)

### Freight Statistics - Lod Airport 1959 (in tons)

In                      Out  
 Total 1219              1215

#### Percentage of Total per Individual Airline

El Al	62
TWA	5
Air France	6
KLM	5.5
Swissair	5.5
BEA	3
Cyprus Airways	2
Sabena	1.5
Alitalia	2.5
Olympic	1.5
Others	5.5 (Including Service Freight)

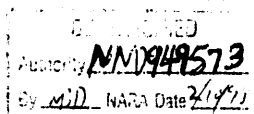
### Mail Freight Statistics - Lod Airport 1959 (in tons)

In                      Out  
 Total 296              173

#### Percentage of Total per Individual Airline

El Al	47.5	Cyprus Airways	5.5
TWA	11.5	Sabena	1
Air France	6.0	Alitalia	4.5
KLM	3.0	Olympic	4
Swissair	9.5	Others	.5
BEA	7.0		

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# LANDING CHARGES

BASIS: Total permitted weight

Weight in Kgs.	Day IL	Night IL
Up to 1,000	2.25	3.15
More than 1,000 up to 1,500	4.50	3.30
More than 1,500 up to 2,000	8.00	11.20
More than 2,000 up to 2,500	11.00	15.40
More than 2,500 up to 3,000	13.00	18.20
More than 3,000 up to 4,000	16.00	22.40
More than 4,000 for each supplementary 2,000 Kgs. or part thereof	4.00	

Passenger Fees: 1,500 prutah per passenger, incoming or outgoing, excluding transit passengers. This fee applies only to aircraft engaged in international commercial air transportation.

Unloading, Loading and Transport Fees: 160 prutah per 10 Kgs. (or part) of cargo. This covers 1) unloading of cargo from aircraft and transport to customs house, 2) transport of cargo from customs house to vehicle nearby and loading onto it, 3) unloading cargo from aircraft, transport to vehicle near customs house and loading onto it, 4)/6) reverse of 1)/3).

Cargo Service Fee: IL 1.50 per hour per member of aerodrome staff employed. At customs house - minimum charge for 15 minutes. Outside customs house - minimum charge for 30 minutes. This is for such as lifting, lowering, moving, opening, closing, stocking and the like.

Tractor or Fork-lift Truck: IL 7 per half hour (or part) from site to site.

Cleansing Fee:	Up to 14,000 Kgs.	IL 10.50
	14,001 - 21,000 Kgs.	13.50
	over 21,000 Kgs.	21.00

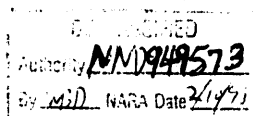
## Rules:

- "Owner of an aircraft" includes a person in possession of the aircraft by authority of the owner, and the pilot of the aircraft.
- "Customs House" means the customs house at an aerodrome.

## Reductions:

- Aircraft registered in Israel and used regularly and exclusively for flights other than international commercial transport flights: Landing, housing and mooring fees - 75% reduction.
- Aircraft used regularly and exclusively for the purpose of the Israel Aviation Club or for the private purposes of its owners may pay comprehensive fees thus:

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Up to 1,000 Kgs.	IL 5.00	per year
1,001 - 1,500 Kgs.	8.00	per year
1,501 - 2,000 Kgs.	12.00	per year
2,001 - 3,000 Kgs.	20.00	per year

- Aircraft owner operating exclusively International air transportation will be charged with the following fees:

Number of landings in a month at the same airport

	% of normal fee
For the first 20 landings - for each landing	100%
For the 10 consecutive landings - for each landing	60%
For each landing after the first 30 landings	50%

- Aircraft owner operating exclusively internal air transportation will be charged at 50% of the normal rate after the first ten consecutive landings in the same month at any airport in Israel.

Exemptions:

- Aircraft used regularly and exclusively by:

Israel Air Force  
Israel Government  
Foreign State Diplomatic Service  
United Nations

- Forced Landings
- ✓ Test Flights, provided aerodrome authorities notified in advance
- Search and Rescue Flights
- Engineless Aircraft
- Aircraft not operating for commercial purposes whose owner carries the "Air Tourist Card" of the Federation Aeronautique Internationale is exempt from charges during 48 consecutive hours after his first landing in Israel.

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 Desp. No. **599**  
 From **Tel Aviv**

Ministry of Transportation and Communications - Department of  
 Civil Aviation -- September - 1959

All Times - G.M.T.

<u>To Israel</u>			<u>From Israel</u>		
<u>Sunday</u>					
422 El Al	03.55	Vienna	807 TWA	06.55	Ath/Rom/Mil/Gva/ Par/Bos/NYC
406 El Al	14.30	Istanbul	405 El Al	07.00	Istanbul
191 Air Fr.	15.25	Tok/Man/ Saig/Bgk/ Kar/Thr	601 Olympic	07.40	Athens
402 El Al	17.15	Rome	401 El Al	07.45	Rome
136 Air Fr.	18.35	Par/Rom	127 B.E.A.	07.55	Ath/Rom/Lon/
452 Alitalia	19.40	Rome	201 El Al	13.00	Ath/Par/NYC
132 Cyp. Air	21.50	Lon/Rom/Ist/Ank/ Nicosia	701 El Al	23.30	Teheran
210 El Al	22.05	NYC/Lon/Ams			
332 Swissair	22.55	Zrh/Ath/			
<u>Monday</u>					
702 El Al	10.45	Teheran	333 Swissair	05.00	Ath/Zrh
302 El Al	17.40	Nicosia	33 Cyp. Air	06.25	Nic/Ank/Ist/Rom/ Lon
126 BEA	18.00	Lon/Rom/Ath	301 El Al	08.00	Nicosia
800 TWA	19.50	PHL/NYC/Par/ Rom/Ath	137 Air Fr.	08.45	Rom/Par
450 Alitalia	20.15	Rome	453 Alitalia	10.25	Rome
537 Sabena	21.40	Bruss/Vie/Ath	415 El Al	12.00	Ath/Vie
192 Air Fr.	22.30	Par/Rom	203 El Al	13.00	Ams/Lon/NYC
614 Olympic	22.40	Ath/Nic	192 Air Fr.	23.30	Thr/Kar/BGK/Saig/ Man/Tokyo
527 KLM	22.45	Ams/Mun	101 El Al	22.40	KNO/Leo.Vil/ Johannesburg
<u>Tuesday</u>					
202 El Al	16.45	NYC/Par/Ath	423 El Al	05.00	Zrh/Lon
128 BEA	17.55	Lon/Zrh/Ath	601 Olympic	07.40	Athens
136 Air Fr.	18.55	Par/Rom	129 BEA	07.55	Ath/Zrh/Lon
416 El Al	19.30	Mun/Rom	451 Alitalia	09.50	Rome
602 Olympic	21.15	Athens	528 KLM	10.45	Mun/Ams
424 El Al	22.25	Lon/Zrh	801 TWA	10.45	Rom/Par/NYC
			205 El Al	13.00	Rom/Par/NYC
<u>Wednesday</u>					
408 El Al	14.30	Istanbul	615 Olympic	06.10	Nicosia/Athens
204 El Al	16.50	NYC/Par/Rom	33 Cyp. Air	06.25	Nic/Ank/Ist/Rom/ Lon
525 KLM	19.05	Ams/Rom	407 El Al	07.00	Istanbul
188 Cyp. Air	19.40	Lon/Rom/Ath/ Nicosia	137 Air Fr.	08.45	Rom/Par
138 Air Fr.	21.00	Par/Rom	417 El Al	11.00	Rom/Mun
800 TWA	22.25	PHL/NYC/Par/ GVA/Mil/Rom/Ath	211 El Al	13.00	Bruss/Lon/NYC
330 Swissair	23.00	ZRH/Ath	138 Air Fr.	22.00	Teheran

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 From Tel Aviv

Thursday

102 El Al	07.30	Jp'Burg/Leop.vil/ Ans	411 El Al	05.00	Ath/Vie
306 El Al	10.10	Nicosia	331 Swissair	05.00	Ath/ZRh
139 Air Fr.	12.50	Teheran	425 El Al	06.00	Zrh/Par
304 El Al	14.40	Nicosia	305 El Al	07.00	Nicosia
206 El Al	17.50	NYC/Lon/Bruss	127 BEA	07.55	Ath/Rom/Lon
418 El Al	18.00	Mun/Rom	538 Sabena	08.05	Ath/Vie/Bruss
840 TWA	18.50	PHL/ NYC/Rom/Ath	801 TWA	09.40	Ath/Rom/Par/NYC
450 Alitalia	20.15	Rome	526 KLM	10.45	Rom/Ans
132 Cyp. Air	21.50	Lon/Rom/Ist/Ank/ Nicosia	303 El Al	11.30	Nicosia
426 El Al	22.00	Par/Zrh	207 El Al	13.00	Rom/Lon/NYC
614 Olympic	22.40	Ath/Nic	139 Air Fr.	13.40	Rom/Par
412 El Al	22.15	Vie/Ath			

Friday

410 El Al	14.30	Istanbul	615 Olympic	06.10	Nicosia/Ath/
212 El Al	15.20	NYC/Lon/Ath	409 El Al	07.00	Istanbul
			129 BEA	07.55	Ath/Zrh/Lon
			741 TWA	08.55	Ath/Rom/Zrh/Fra/ NYC/Phl.
			451 Alitalia	09.50	Rome
			421 El Al	12.00	Rom/Mun/Vie
			209 El Al	13.00	Ath/Par/NYC

Saturday

208 El Al	17.30	NYC/Par/Rom
128 BEA	17.55	Lon/Zrh/Ath
740 TWA	20.55	NYC/Fra/Zrh/Rom/Ath
602 Olympic	21.15	Athens

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 From Tel Aviv

Avia Israel Inland Airlines Ltd.  
 Time Table From 15 January till 29 February

Fl. No.	805	804	804	803	803	802	802	801	801	From
Dep.	1530	1330	1300	1130	1045	0830	0830	0730	0630	Tel Aviv
Arr.								0755	0655	to
Dep.								0805	0705	Beersheva
Arr.	1630	1430	1400	1230	1145	0930	0930	0850	0750	to Eilat

Only on Friday

Fl. No.	801	801	802	802	803	803	804	804	805	From
Arr.	0915	1030	1130	1230	1415	1450	1620	1615	1800	Eilat
Dep.						1425	1555			to Beersheva
Arr.						1415	1545			to
Dep.	0815	0930	1030	1130	1315	1330	1500	1515	1700	Tel Aviv

Fl. No.	903	903	902	902	901	901	From
Dep.	1415	1500	1000	1130	0645	0645	Tel Aviv
Arr.			1025	1155			to
Dep.			1030	1200			Haifa to Machanaim
Arr.	1445	1530	1045	1215	0715	0715	

Only on Friday

Fl. No.	901	901	902	902	903	903	From
Arr.	0805	0805	1300	1200	1615	1530	Machanaim
							to
Dep.	0735	0735	1230	1130	1545	1500	Tel Aviv

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 BY **MD** NARA Date **2/14/71**

**FOREIGN SERVICE DESPATCH** FW 984A.72/4-2560

FROM : American Embassy Tel Aviv DO NOT TYPE IN THIS SPACE

TO : **THE DEPARTMENT OF STATE, WASHINGTON.** DATE May 10, 1960

REF : Embassy Despatch 699, April 25, 1960 DATE MAY 15 1960

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	REC'D	OTHER
	RMR-0	REP-1 IRC-8 E-7 NEA-4 MC-1 ICA-1
	5-18	Com-10 CIA-10 FAA-5 AIP-6 CAB-6

SUBJECT: Repetitive Statistical Reports on Transportation and Utilities-  
 Civil Aviation

ARMY-4  
NAVY-3  
XMB-14

Lewis R. Townsend should have been listed as a contributor to the referenced report.

FOR THE AMBASSADOR:

*James M. Ealum*  
 James M. Ealum  
 Third Secretary of Embassy

Approved: *John F. Shaw*  
 John F. Shaw  
 First Secretary of Embassy

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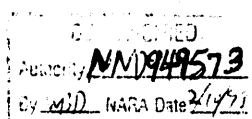
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FW 984A.72/4-2560





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Desp. No. 2  
From Tel Aviv

MEMORANDUM OF CONVERSATION

June 23, 1960

SUBJECT: FAA Answers to Israeli Requests on Civil Aviation

PARTICIPANTS: Capt. McIntosh, - Assistant Director of International Coordination Branch of the FAA  
Mr. James L. Whitmore, - Regional Chief under Capt. McIntosh  
Lt. Col. R. W. Connell, Air Attache, Embassy  
Mr. Carl Ferderer, USOM  
Mr. James M. Ealum, Third Secretary of Embassy  
Mr. Y. Palgi, Director, Department of Civil Aviation, Ministry of Transport and Communications  
Mr. M. Sandlar, Director of Technical Assistance, Department of Civil Aviation, Ministry of Transport and Communications  
Mr. Bartur, Head of Electronics Division, Department of Civil Aviation, Ministry of Transport and Communications

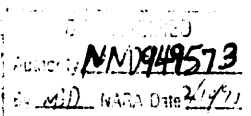
1. Morning Session:

Capt. McIntosh opened the discussion by saying that there were four subjects that he and Mr. Whitmore wanted to cover with reference to various communications exchanged between Mr. Ginsberg, Director General of the Ministry of Transportation and Communications, and FAA officials in Washington.

Point one: Mr. Ginsberg had requested while in Washington that FAA's specially equipped Beechcraft in Beirut be diverted to Lydda to test the navigational aids. Capt. McIntosh said the answer to this was no, that it was impossible to send the aircraft to Israel.

Point two: Mr. Ginsberg had asked in Washington if Israel could purchase a Beechcraft with the special equipment installed for checking their own navigational aids. Capt. McIntosh said that the answer to this was yes, that the FAA could make a Beechcraft available. The cost of this aircraft plus equipment plus crew training would amount to about \$150,000. The Captain added that all FAA Beechcrafts had been given to GSA for sale, but that if Israel decided within the next six months that they required one, the FAA would freeze one of these planes and hold it for Israel's use.

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Point three: While in Washington, Mr. Ginsberg had asked FAA's assistance in estimating the cost of the electronic equipment needed at the airfield. He submitted a list that was prepared by a survey in March 1959. The FAA went through the list and put their cost estimates beside each item. Mr. Whitmore emphasized that if the cost estimates for these pieces of electronic gear, were slightly higher than the Israelis had estimated, it was because the FAA had very high standards and he thereupon urged that FAA specifications be used as a guide. Mr. Palgi looked over the list and remarked that as far as the electronic program is concerned, he would like to use the good offices of FAA in procurement, that is, by drawing on their knowledge of the way various pieces of equipment had worked and FAA's accumulated experience. He had two proposals:

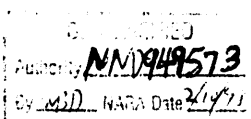
- 1) That the Israel Supply Mission in New York would shop around and look over the best equipment available, and then someone from the FAA would actually administer the ordering of the equipment.
- 2) That FAA would recommend the manufacturer in the first place.

Capt. McIntosh quickly pointed out that the FAA was a Government agency and could not be involved in any such transactions. He did say that the FAA would certify as to its quality. He also said that the FAA could supply an electronic specialist to evaluate the description of the equipment and say whether it would meet the FAA specifications, or he could check the equipment against any specifications the Israelis cared to write.

Mr. Palgi asked if any of the equipment on the list was obsolete or would soon become obsolete. Mr. Whitmore replied that the present list was based on estimates and requirements made over one year ago and that the list was prepared on this basis. This was supposedly taken into consideration when the list was finally completed and, as far as Mr. Whitmore was aware, the report was still up to date. Mr. Palgi then asked if the plan should be re-evaluated. Mr. Whitmore replied that in his personal opinion, in view of the time element, there should be a re-evaluation.

Mr. Whitmore, speaking as an ex-air traffic control expert, began discussing ways to determine positive position of aircraft. He included the method of triangulation with VOR, but said that you could not do much traffic controlling or separating of traffic. For this purpose he thought that radar would be necessary to give positive information on a continuing basis. He suggested that such radar would need to have a range of 100 miles with the possibility of determining altitude up to 45,000 feet. He said that the volume of traffic, the spacing of traffic as regards time, and the terrain all would have to be considered in making the choice of an aid. Mr. Whitmore suggested that an air traffic control expert and a flight operations specialist spend up to 30 days here and make recommendations on how to achieve the highest degree of safety. After that he felt an electronics specialist could then decide how best to implement the plan. Mr. Whitmore added that there was a possibility of getting two such specialists from neighboring countries, specifically Turkey, and repeated that he highly recommended this course of action. He further suggested that Israeli counterparts be assigned to any specialists coming in so that they could educate themselves on the various phases and subjects covered.

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From Tel Aviv

Mr. Palgi immediately took Mr. Whitmore up on the suggestion and said that they would like to have two such experts as soon as possible to evaluate the needs at Lydda. He said that Israel could not afford to re-evaluate entirely the plan of last year but only part of it, but they did want to get some navigational aids as quickly as possible and those most suited for Lydda. After the visit of two such specialists, he hoped that FAA could then say whether a full-time electronic specialist would be required for a period of one or two or more years.

At this point, Mr. Palgi indicated that Israel had a DLF loan application pending for the purchase of electronic equipment. Mr. Palgi said that they would have to proceed on a selective basis, but prior to the decision on the loan they intended to make some provisional arrangement for some of the most essential items.

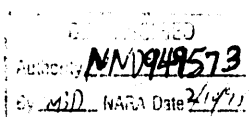
With reference to the list of electronic equipment, Mr. Whitmore replied, in answer to a question, that the price indicated covered only the cost, not installation of the gear. Mr. Whitmore went on to point out that some airports have combined aircraft control with an early warning system in which the civil and military combine their efforts for joint utilization of the aids. Mr. Whitmore emphasized that this would need to be coordinated very closely but that it was a possibility that should also be taken into consideration when choosing the navigational aids required.

Mr. Bartur said that some time ago the Civil Aviation Department had asked for the loan of a portable VOR from the FAA. He reported that an import license had been arranged and it was possible to receive this now. He then asked for someone to follow up the original request in Washington. Capt. McIntosh replied that he would do so.

The question was then brought up of the airport lighting plan. Capt. McIntosh stated that it had not been completely studied by FAA but any recommendations that might be yet made would possibly prove too complicated since the weather stability in this area would result in a low requirement as far as lighting is concerned.

Mr. Palgi asked about rumors that France was working on converting to the U.S. system of control of civil aviation as reflected in the FAA. He said that the arrangement was make-shift in Israel and was entirely unsatisfactory. They have only temporary regulations here. Mr. Palgi said that he had tentatively decided to make a clean sweep and adopt the U.S. or British standards as a base, and afterward modify them to serve local requirements. One of his main concerns was referred to as air worthiness, and he asked for all information that FAA could supply on this subject. Capt. McIntosh pointed out that this was a very important subject and that the U.S. had bilateral air worthiness agreements with various countries but that having regulations was not satisfactory unless some provisions were made for enforcement. This enforcement was what cost money and was the all-important item to be considered.

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From      Tel Aviv

## 2. Afternoon Session:

Additional Participants: Mr. Bross, Chief Engineer, Airports  
Mr. P. Ginsberg, Director General of Ministry  
of Transport and Communications

The afternoon session was a short one devoted to discussion of point number four -- the evaluation of the airport master plan requested by Mr. Ginsberg on his U.S. visit. Capt. McIntosh handed over the written comments made by FAA technicians and said that since neither he nor Mr. Whitmore were experts, they didn't feel qualified to comment, but that if after careful study on the part of the Israelis there were any questions, FAA Washington should be contacted for the answers.

Mr. Bross gave a detailed report of the progress on the new runway at Lydda and of the discussions that led to the choice of the new airport terminal.

Mr. Ginsberg mentioned the fact that Bedek wants to build planes in Israel and that FAA's help in specifications would be desirable. Capt. McIntosh advised that the U.S. air worthiness specifications were the highest in the world since they covered all phases of airplane building, starting with the plans, including material, each component part as it was built and then the final product. He pointed out again, as he had in the morning session, that regulations would have to be prepared and that provision had to be made for enforcement of these regulations, and that if Israel hoped to export any planes manufactured here, to the U.S. as he presumed they would, that a bilateral air worthiness agreement would have to be signed with the U.S. Should this be the case, he warned that Israel would have to be very careful to meet all specifications required by FAA. He promised to send all available information on the subject to Mr. Ginsberg.

## 3. Report to the Ambassador:

(Includes only items not covered in the conversations with Israelis)

Capt. McIntosh mentioned that General Doukas, understood to be the director of civil aviation in Greece, had expressed a willingness, if requested, to send over one of their test planes to check the navigational aids at Lydda to see if they meet with the FAA standards. This would amount to a great financial saving as far as Israel is concerned because the only other possibility is the plane in Germany. Calling on the information supplied by Mr. Bross, Capt. McIntosh reported that the length of the new runway was 10,500 feet, with plans made for the addition of 1,000 feet. The runway is designed to accommodate a load of 300,000 pounds.

in

As he had done previously/a briefing session with Mr. Liggit, Director of USOM, the morning of the 23rd, Mr. Ferderer pointed out that the USOM budget for fiscal year 1961 had provision for three experts for a nine-month tour to help the Israelis with the electronic gear. Mr. Whitmore said that he did not think this

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was long enough, technically speaking. He added that it would be difficult for FAA to recruit people for less than one year because everyone wished to bring his family. Both to the Ambassador and Mr. Liggit, Mr. Whitmore emphasized that any requests for specialists made by the Israelis would have to be arranged through USOM.

Comment: USOM/Israel sent a priority cable to USOM/Turkey on June 27, requesting that two FAA specialists (an air traffic control expert and a flight operation's specialist), now on assignment in Turkey, be detailed for 30 day TDY in Israel. No answer has yet been received.

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984A.72/7-2960<sup>B</sup>

CA

Although negotiations had been underway for a prolonged period, during which strike threats had been made, the Company did not appear to feel that a strike was imminent. The flight crews, however, strongly dissatisfied with the lack of progress achieved during nine months of negotiations, apparently felt that a strike at the height of the tourist season would result in a quick settlement of their claims. Accordingly, twelve hour notice of strike action was given, and the strike began on July 15. At this point the Company realized fully the seriousness of the situation, but unwilling to grant the flight crews' demands, decided to attempt to maintain regularly scheduled flights with chartered aircraft. Leaders of the striking crews, anticipating this move, had notified the pilot's unions of the major international airlines that a strike had been called against El Al, hoping to find support from the pilots of these airlines. It appeared at first as if support would be forthcoming, as it was reported that English pilots had decided not to fly aircraft chartered by El Al.

However, the Histadrut, which had strongly opposed the strike, now acted to clear the way for El Al to charter aircraft from the Flying Tiger line. Histadrut officials notified representatives of the Airline Pilots Association and the International Association of Machinists that this was a "wildcat" strike (insufficient notice of the strike had been given, and in any event the strike had not been approved by the Histadrut) and requested that these unions not interfere with flights chartered by El Al. It is reported by Histadrut officials that both of these unions agreed not to oppose such chartered flights.

With the beginning of regularly scheduled chartered flights on July 28, interest on the part of the flight crews in reaching a settlement was renewed. During an all-night bargaining session, the following basis for ending the strike was reached:

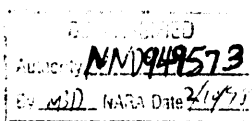
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1. Salary increases will be considered by a special committee comprised of representatives of the Histadrut, the air crews and the El Al management. It is understood that sympathetic consideration will be given to granting increases which will not raise the total wage bill by more than IL100,000 annually.

2. Establishment of minimum salary levels for crew members while grounded.

3. Establishment of a pension plan with special provisions for flight crews.

4. Re-examination of flight hours and size of air crews in accordance insofar as possible with the regulations established by major foreign airlines.

The strike thus appears to have ended somewhat inconclusively, although the air crews may have gained some concessions. The Company, which is endeavoring to operate in the black, has the additional financial burden caused by the strike, estimated at upwards of IL600,000. The flight crews, on the other hand, are unlikely to be fully satisfied with the outcome. An additional cause for complaint is the organizational structure of the union to which flight crews belong. Not only are flight crews lumped together organizationally with ground crews and clerical personnel, but the entire group is a local union of the National Union of Clerical Employees. The air crews feel that this is a preposterous situation, and that the special needs and problems of flying personnel call for a separate union for purposes of representation and collective bargaining.

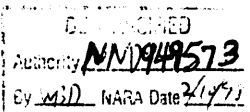
However, this demand runs counter to the cardinal organizational principle of the Histadrut, which is based on a high degree of centralization. Authority in Israel's labor movement resides in the national center, and not with the affiliated unions. The attitude of the Histadrut (involved indirectly in El Al's ownership, but in a minor capacity) regarding this strike is well indicated in an editorial appearing in its daily newspaper Devar following the end of the strike. According to this editorial it was not permissible to allow this strike to succeed, because "there are other groups of people in Israel who have control of vital points of national life, and if the method of the pilots had succeeded, it might have been copied in other branches. Instead of the social struggle of the workers as a whole there would have been the blackmail of pressure groups...It is to be hoped that this sad possibility has been eliminated..." Thus perhaps the principal outcome of this strike has been to demonstrate once again that a strike undertaken in the face of Histadrut opposition has little chance of success.

FOR THE AMBASSADOR:

*Dale E. Good*  
Dale E. Good  
Labor Attache

Approved *John F. Shaw*  
John F. Shaw  
First Secretary of Embassy

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Air Pouch (Unclassified except where indicated) <small>PRIORITY (Security Classification)</small>		DO NOT TYPE IN THIS SPACE <b>984A.72/8-1960</b>
FOREIGN SERVICE DESPATCH		
FROM : American Embassy Tel Aviv	124 <small>DESP. NO.</small>	August 19, 1960 <small>DATE</small>
TO : THE DEPARTMENT OF STATE, WASHINGTON.	AUG 20 1960	
REF : CERP Section D, Item VIII, A-4		
9 <small>For Dept. Use Only</small>	ACTION <b>NEA-3</b> <small>REC'D</small>	DEPT. <b>RM/R-2 INR-7 ICA-11 E3 Ref-1</b> <small>IN OTHER</small>
	<b>8-29-60</b>	<b>FAA-5 CAB-6 AIR-6 CIA-10 Com-8 NAVY-3</b> <b>ARMY-6</b>
SUBJECT: Civil Aviation Developments - Planned "Executive" Jet		
FOR STATE AND FAA		

Several Embassy Officers recently visited Israel Aircraft Industries Ltd. (I.A.I.), formerly known as BEDEK, to inspect the military jet trainer now being assembled, and the mock-up of a 7-9 passenger executive type locally designed jet aircraft. Photographs taken and identified by the reporting officer are attached (enclosure no. 1) as of possible interest.

I.A.I. in operation since 1953 and with approved repair station status from C.A.A. since August 1955, delivered the first locally assembled twin engined FOUGA MAGISTER C-170 jet trainer to the Israel Air Force on July 6, 1960. Licence to assemble was obtained in September 1957 from the French firm, Potez-Air Fouga; the licence to manufacture and sales agreement with the firm excludes sales in France or any of its territories.

At present I.A.I. intends to export the FOUGA to Asia and Africa at a selling price of about \$165,000. According to the data made available to the Embassy, the FOUGA is 2.8 m. high, 10.06 m. long, has a wing span of 12.14 m., flies at a maximum altitude of 9,000 m. and has a range of 1,400 km.

Of more specific interest to civil aviation is the fact that I.A.I. is considering manufacturing a civilian jet commencing sometime in 1963. I.A.I. now has 2,000 employees and an investment of IL 18 million. The time has, therefore, come - according to the deputy managing director, Mr. H. Shamir, - to expand the repair facility to include designing and manufacturing. Dr. Eric Schatzki, Director of Engineering, and his assistant, have obliged with a design for the so-called B-101 a 7 - 9 passenger executive type jet with rear-mounted twin engines developing a 1400 lb. thrust. The B-101 is designed to fly at 420 m.p.h. at a maximum altitude of 33,000 ft., will have a range of 1400 miles, require a runway of 3,000 ft. for take-off and will have a touch-down speed from 90 - 100 m.p.h. (All available details of the B-101 are included in Enclosures No. 2 and No. 3).

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ARMY

REF ID: A66573  
 AUTHORITY: **MM 949573**  
 BY: **MJD** NARA Date: **2/19/71**

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 (Classification)

Page 2 of  
 Encl. No. \_\_\_\_\_  
 Desp. No. 124  
 From \_\_\_\_\_

Explaining the rationale, Mr. Shamir pointed out first that their technical employees needed an intellectual stimulus and that the next logical step after manufacturing a plane under licence was to do something creative of their own.

Mr. Shamir noted that a preliminary examination of the market indicated that the trend in Europe was to turbo-prop planes, more flexible than conventional jets but slower. Mr. Shamir also pointed out that the European market is limited by lack of adequate airfields, a failing not shared in the United States, at present practically the only realistic market possibility. Mr. Shamir stated that it was a well-known fact that executive flying was a big business and that his company felt that the B-101 could fill the bare spot in this field in the U.S. It was estimated that no such plane could be had in the U.S. for less than \$750,000. I.A.I. hopes to market its plane for about \$250,000 and thus breach a gap between the 4-place and larger executive type aircraft in the U.S.

I.A.I. intends to solve the obvious repair and maintenance problem by drawing in a U.S. company or companies to supply the various mechanical parts and distribute the plane through a single U.S. company such as Fairchild or others they have consulted.

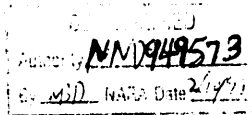
To streamline the basic selling price, I.A.I. intends to supply a bare plane and let the distributor equip the interior to order. By supplying the basic plane at lower cost, it is hoped that the search for buyers will become easier. It is intended that production of the plane will also be made cheaper by using parts of the FOUGA, such as the wing. Also since skilled labor costs are less here than in the U.S. the firm will enjoy certain competitive advantages.

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In developing the B-101, I.A.I. has been operating under a joint agreement with Fairchild, which has financed a market research study of the aircraft at a cost of about \$80,000. I.A.I. for its part undertook to draw up the plans and specifications and build a mock-up of the B-101. I.A.I. has reportedly spent more than \$80,000 on this project to date.

Mr. Al Schwimmer, manager of I.A.I., is presently in the U.S. discussing the marketing of the aircraft with Fairchild. Both companies feel that if 250 B-101's can be sold annually in the U.S., the plane should be exploited. Presumably Mr. Schwimmer will be informed of the results of the Fairchild marketing analysis and if they are favorable, the two companies may jointly exploit the manufacture and sale of the B-101. Mr. Y. Palgi, Director of Civil Aviation, also informed the Embassy officers that Bob Myersberg, F.A.A. representative from Paris, has recently been in Israel at I.A.I.'s request.

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From Tel Aviv

to explore the air worthiness requirements in connection with the prospective manufacture and sale of the B-101 in the United States.

This report and a subsequent one on I.A.I. itself may be of assistance in determining whether I.A.I. can meet F.A.A.'s air worthiness specifications.

FOR THE AMBASSADOR:

James M. Balum  
Third Secretary of Embassy

Enclosures:

As stated.

Approved:

John F. Shaw  
First Secretary of Embassy

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Authority	<u>MM1949573</u>
By	<u>WSD</u> NARA Date <u>7/14/78</u>

Enclosure No. 1

Despatch #124 of August 19, 1960

drafted JMEalum  
AmEmbassy Tel Aviv

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By: **WJD** NARA Date: **2/9/77**





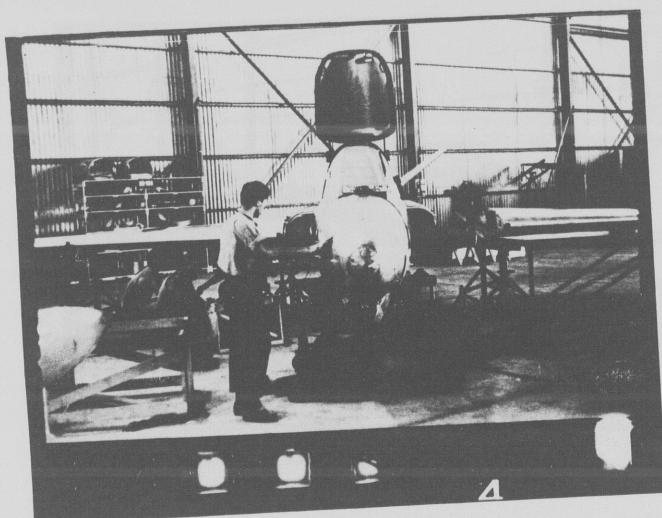
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BY **MSD** NASA DATE **2/9/91**





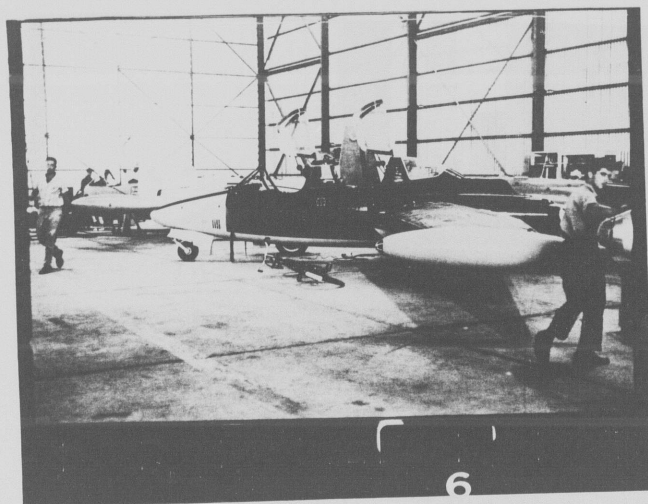
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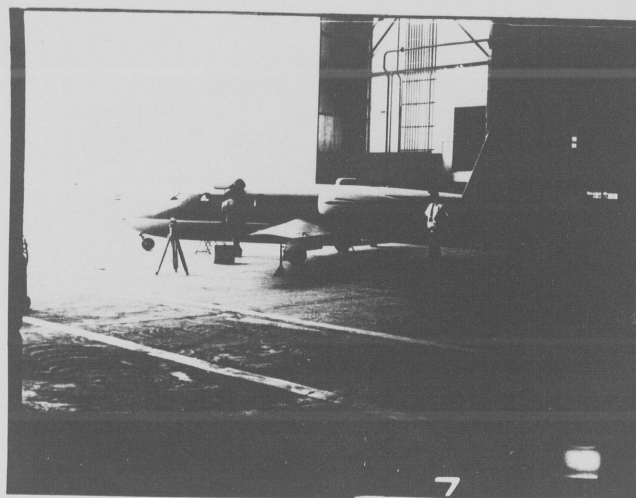
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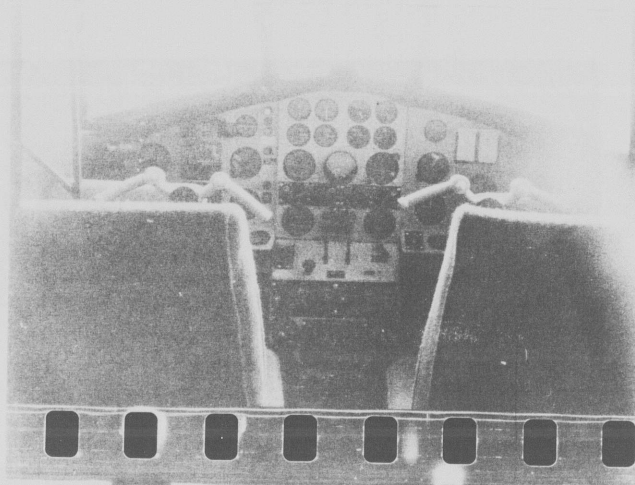
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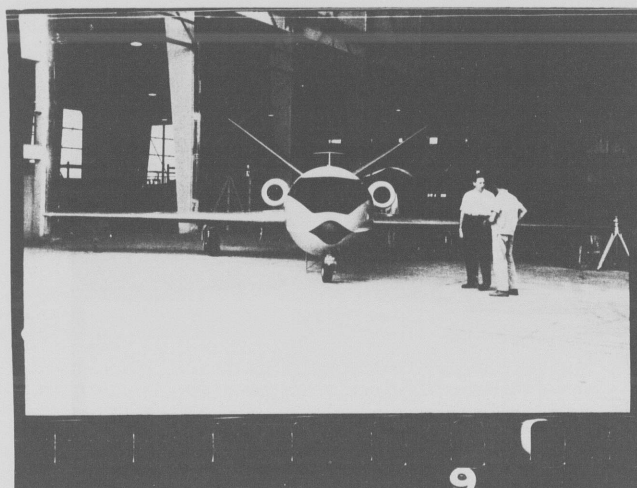
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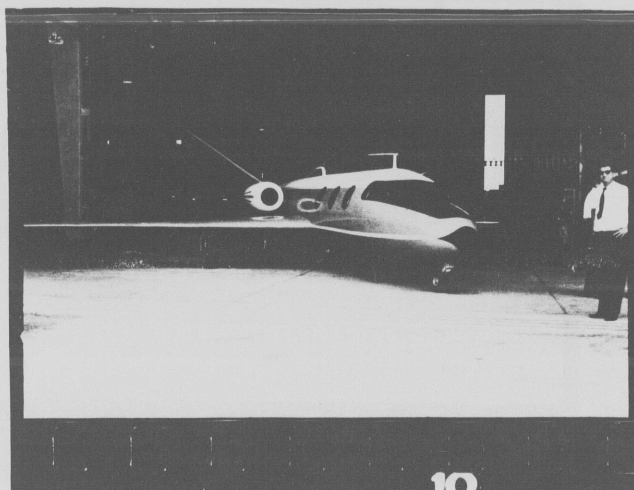
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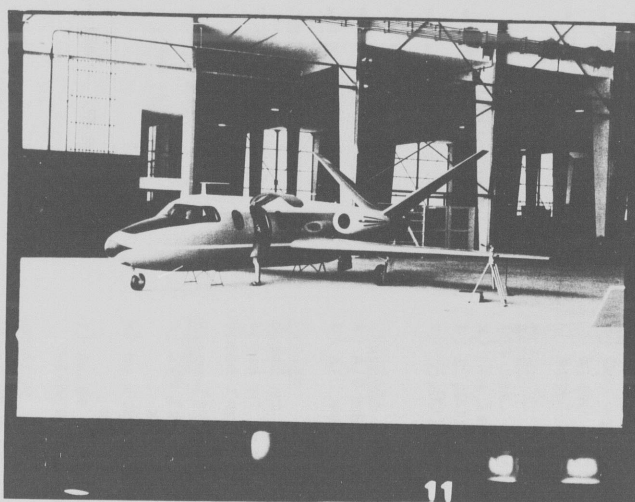
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**ISRAEL AIRCRAFT INDUSTRIES - LOD AIRPORT**  
**TWIN JET EXECUTIVE AIRCRAFT TYPE B 101 B - PERTINENT DATA**

**Leading Particulars**

Length = 37.4 ft.  
 Height to top of fin to cabin floor = 12 ft.  
 Cabin length = 12.25 ft.  
 Cabin dia. = 5.25 ft.  
 Cabin pressurisation (equivalent to 8,000 ft., cabin altitude 35,000 ft.) = 7.4 PSI  
 Wing area = 202 ft.  
 Aspect ratio = 7.67  
 Taper ratio = 2.5  
 Span = 39.4 ft.  
 Mean Aerodynamic Chord = 5.48 ft.  
 Engines Continental CAE-356-9A  
 Fuel, fuselage tank = 458 U.S. gallons  
 All up weight = 9680 lbs.  
 Empty weight = 5450 lbs.  
 Useful Load = 4230 lbs.  
**C.G. Range**  
 admissible, estimated = 18% - 32% m.a.c.

**Performance**

**Take-off**

Gross weight (9,680 lbs.); CAR conditions); I.C.A.N. atmosphere.  
 a) Normal take-off at 1.2 Vst 2,640 ft.  
 b) Normal take-off at 1.3 Vst 3,090 ft.  
 c) One engine out at critical speed (with anti-skid brakes; accel. - stop case) 3,900 ft.

Climb (At max. power & weight)	R/C	Opt.Climb speed
a) Sea level	3,800 ft/min	275 mph
b) 20,000 ft.	2,100 ft/min	312 mph
c) 35,000 ft.	950 ft/min	364 mph

**Ceilings**

	single engine abs. ceiling	both engine abs. ceiling
a) A/C weight=7,500 lbs.	33,000 ft.	48,500 ft.
b) A/C weight=9,500 lbs.	26,000 ft.	43,000 ft.

**Cruise**

Speed at max. RPM (20,000 ft.)	505 mph
Speed at normal RPM (25,000 ft.)	485 mph
Speed for max. range	370 mph

**Range**-(2750 lbs.fuel;no extra fuel;take-off weight  
 a) 10% fuel reserve, 9,680 lbs.)  
 at 35,000 ft. 1,089 st.miles  
 b) no fuel reserve, 1,262 st.miles  
 at 35,000 ft.  
 c) Range with permissible overweight of 440 lbs. without fuel reserve is 1,556 st.miles.

**Landing**

	W=9,680 lbs.	W=7,930 lbs.
Distance from 50 ft. to stop (decel.=9ft/sec.	2,825 ft.	2,389 ft.
Touch-down speed	112 mph	101 mph

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Desp. No. 124  
From Tel Aviv

Outstanding aspects of this modern jet executive type aircraft include its comparatively high cruise and climb performance, its lavish equipment and communication facilities equivalent to those of the most modern jet airliner.

It fulfills the present jet executive market requirements in the same manner as the "compact" car relates to the luxury sedan.

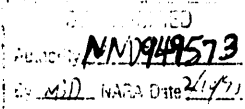
The aircraft may be equipped as a nine seat version decorated along conventional interior appointment lines, in which case the seating is arranged in 3-pairs of 2 seats with a 3-place couch seat against the rear bulkhead. The 2 seats immediately behind the pilot's seats may be supplied rotatable so that they may face either forwards or aftwards.

Another version may be equipped in a deluxe fashion which includes a toilet and pantry in the rear of the cabin. In this case six persons may be accommodated.

The aircraft uses wing and tail surfaces of a tried and proven design and which are presently in operation, thus benefiting from the testing and development already accomplished. This results in a more economical aircraft and reduces the time required for development and certification.

It is anticipated that this aircraft can be produced fully equipped at a price sufficiently low to attract the broad potential market which all trends indicate will continue to exist for the next 2 to 5 years.

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FROM : American Embassy Tel Aviv

126  
DESP. NO.August 22, 1960  
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : CERP Section D Item VIII-A-4: Embassy Despatch 124 dated 8/19/60

9 For Dept. Use Only	ACTION	DEPT.
	REC'D	INFO OTHER
	NEA-4	RMR-2 Ref-1 INR-7 E-3 ICA-11
	8-29-60	FAA-5 CAB-6 AIR-6 CIA-10 Com-8 NAVY-3

SUBJECT: Israel Aircraft Industries Ltd. - Repair Facility, Plane Designer and Manufacturer  
 ARMY-4

The Embassy is aware that Israel Aircraft Industries Ltd. (formerly Bedek) has received approved repair station status from both FAA and Israel's own CAA and that having been informed in general of FAA air worthiness requirements is not a stranger to FAA. Despite this, Embassy officers, making a recent inspection of IAI's current projects, assembled the data submitted below on IAI's technical capabilities and history which may be useful to FAA and others. IAI's balance sheet as of March 31, 1959, appears as Enclosure 1.

Israel Aircraft Industries Ltd. is located at the Israel International Airport at Lod, embracing an area of approximately 100 acres of which some 45,000 sq. meters are roofed and include various hangers, shops and other installations.

The plant was constructed in 1952/53 and commenced operations shortly thereafter. Today, IAI employs some 2,000 employees and represents a total investment of \$10,000,000.

IAI has been licensed by the U.S. Federal Aviation Agency as an Approved Repair Station and holds similar approval of the Israel Department of Civil Aviation.

IAI has agreements for technical assistance with Bristol-Aero Engines Ltd., Rolls-Royce Ltd., Hispano Suiza, S.N.E.C.M.A and Turbomeca, and in addition is negotiating a broad agreement with Pratt & Whitney.

IAI has been approved by Pratt & Whitney and Wright Aeronautical Corp. and is the holder of production licences for spare parts manufacture from Marcel Dassault.

Furthermore, IAI is engaged in the complete manufacture of the CM170R MAGISTER twin-jet military trainer under a licence agreement with Potez-Air-Fouga and is contemplating the manufacture of a single-engine, designed twin engine executive type aircraft, to be designated the B-101.

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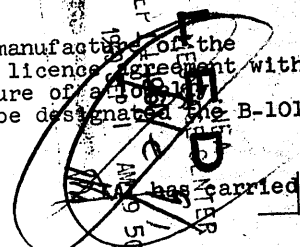
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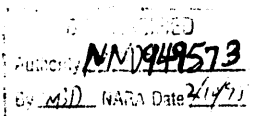
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IAI has carried out work for various foreign clients, including:

1. Overhaul and delivery of 30 Combat type aircraft to Burma.
2. Overhaul and modification of Douglas, Lockheed, Curtis and Convair types of aircraft for civil customers.
3. IAI does periodic inspection and line maintenance work for most of the international airlines calling at Lod.

The following are details relating to some specific features of IAI's organization on the technical side with an indication of its varied capacity to carry out technical services:

#### I. ENGINEERING DEPARTMENT

IAI maintains an extensive engineering department of about 100 people to deal with the aspects of basic design, aero-dynamics, structural analysis, materials analysis and lofting which are related to its varied production activities.

It is broken up into various groups, whose jobs are directly related to the specific requirements of the Company. For example, there exists a Liaison Group taking care of the requirements of the shops for rapid engineering decisions required to prevent production hold-ups. There exists a specific group dealing exclusively with the CML70 project and one for the projected B-101.

There also exists a Materials Engineering Group complete with a materials and metallurgical laboratory which numbers amongst its equipment a full range of material testing machines and a complete analytical laboratory.

The Flight Test Department is also included within the scope of the Engineering Department and has a full range of Hussenot recording equipment.

#### II. PRODUCTION ORGANIZATION

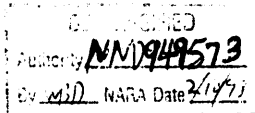
The production organization is best illustrated by the organization chart herewith appended.

#### III. AIRFRAME MAINTENANCE AND OVERHAUL DIVISION

IAI in its Airframe Overhaul Division has been performing a wide variety of line maintenance, periodic inspection, modification and complete overhaul operations for an extremely wide range of civil and military aircraft of French, U.S., and British manufacture. These aircraft run from large four-engined types, such as the Lockheed Constellation, Douglas DC-6 and DC-4 series, to smaller aircraft such

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as, the Piper Cub and the North American AT-6 and includes Helicopters such as the S-55, S-58 and Alouette.

IAI is currently supplying an ever increasing variety of technical services on the repair and overhaul side to El-Al for the operation of their fleet of Britannia 310 turboprop aircraft.

Noteworthy, also, is the fact that IAI supplies the full range of technical services to Arkia, the Israel Internal Airline on a flat price per flying hour basis.

More specifically, the following is a list of aircraft types for which IAI is equipped, qualified to perform, and has performed line maintenance, periodic inspection, repair, modification and complete overhaul:

A. Aircraft of U.S. Manufacture

1. Lockheed Constellation - all types.
2. Douglas DC-6 - all types.
3. Douglas DC-4 - all types.
4. Douglas Dakota - all types.
5. Curtiss Commando C-46 - all types.
6. Beechcraft 18 - all types.
7. North American Mustang P-51.
8. North American Harvard - series.
9. Sikorsky S-55 and S-58 Helicopters.
10. Piper Cub - all models.

B. Aircraft of French Manufacture

1. Fouga Magister CM-170R
2. MD-450 Ouragan.
3. MIVA Mystere and Supermystere.
4. SO-4050 Vautour.
5. Nord 2501 - Noratlas.
6. Sud-Aviation - Alouette Helicopter.

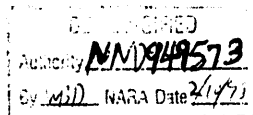
C. Aircraft of British Manufacture

1. Bristol Britannia.
2. Vickers Viscount.
3. Supermarine Spitfire.
4. Gloster Meteor.

Paint, Dope and Fabric Shop

IAI performs all types of painting, complete fabric recovery of control surfaces and light planes, and custom aircraft upholstery and complete interiors.

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Carpentry Shop

Performs the full range of aircraft woodworking and structural repair and builds one and two-seater gliders. Produces a variety of wood patterns for tooling and foundry work.

IV. ENGINE OVERHAUL DIVISION

IAI's Engine Overhaul Division is elaborately equipped with the most modern facilities for complete overhaul of an extremely wide range of reciprocating and jet engines.

Piston engines being worked on run from the Wright Cyclone R-3350 through the Pratt & Whitney series to the small Continentals. Among jet engine activity, it is noteworthy that preparations are completed and the overhaul has started of the Bristol Proteus 765 which powers the Britannia and the SNECMA Atar used in the Vautour and Super Mystere aircraft.

For IAI to undertake the overhaul of engines of a new type, it might generally be stated that little substantial capital expenditure would be required, beyond tooling specific to the new engine.

The following is a list of engines being overhauled and repaired in the Engine Shop:

A. Reciprocating Engines

1. Wright Cyclone R-3350 - series.
2. Pratt & Whitney R-2000 - series.
3. Pratt & Whitney R-1830 - series.
4. Pratt & Whitney R-1340 - series.
5. Pratt & Whitney R-985 - series.
6. Wright Cyclone R-1820 - series.
7. Continental R-975 - series.
8. Continental W-670.
9. Lycoming O435, 320, etc.
10. Continental C-90-series.
11. Packard Merlin - Marine type.
12. Rolls Royce Merlin - series.
13. Junkers Jumo - Marine type.

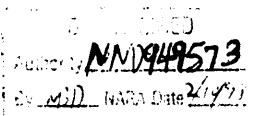
B. Jet Engines - Centrifugal Compressor Type.

IAI is currently overhauling, repairing and modifying the following jet engines of the above type:

1. Rolls Royce - Derwent, mark 8 & 9.
2. Hispano Suiza - Nene 104 - 105.
3. Hispano Suiza - Verdon.
4. Turbomeca - Marbore IIB.

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 From Tel Aviv \_\_\_\_\_

IAI is presently starting the overhaul of the following types of axial compressor turbojet engines:

1. Turbomeca - Artouste.
2. SNECMA - Atar - series.
3. Bristol Proteus 705.

#### Plating Shop

Does an extensive range of aircraft and commercial plating including: chrome, copper, cadmium, lead, tin, silver, nickel (electro and electroless), sulphuric and chromic anodizing, parkerizing, electro-polishing and electroetching, and the various magnesium protective processes.

#### Welding Shop

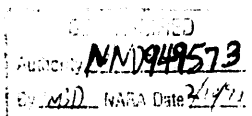
This shop is equipped with electronic controlled resistance welding for Spot, Seam Circumferential welding equipment, as well as AC & DC Argonarc facilities, enabling a wide variety of welding of Nimonic and heat resistant steels to be carried out.

#### V. COMPONENTS DIVISION

This Division comprises the following shops whose major activities are detailed as follows:

1. Electrical Shop. Overhauls, modifies and repairs all types of aircraft electrical components and accessories including alternators, magnetos, starters, generators, fractional horse power motors of all types, jet engine electrical systems and all the components of the Britannia electrical system. The shop is presently engaged in preparing for the manufacture of the electrical installation for the CM 170R.
2. Accessory Shop. Overhauls carburettors, fuel pumps, fuel injection pumps, hydraulic, vacuum and anti-icing pumps, etc. In addition the full range of jet engine fuel system accessories including fuel pumps, B.P.C.'s, burners, throttle valves and fuel control regulators.
3. Hydraulic Shop. Overhauls the full range of aircraft hydraulic equipment such as actuators, undercarriages, brakes, radiators and oil coolers, wheel assemblies, servo mechanisms, custom tubing fabrication, and control cable assembly.
4. Propeller Shop. Overhauls the full line of Hamilton Standard, Rotol, and De-Havilland controllable, reversible and full-feathering propellers and their components and in addition a variety of fixed pitch propellers, metal and wood.

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5. Instrument Shop. Overhauls all types of instruments including:

1. Gyros - Electrical and Vacuum.
2. Mechanical instruments of all types.
3. Electrical instruments of all types, AC & DC.
4. Pressure instruments.

This shop is equipped for dynamic balancing of gyro rotors and pivot polishin g. It also does all types of luminous dial face painting.

6. Electronics Shop. Deals with the full range of airborne communications and navigation equipment and a large variety of military signals equipment including air and ground Radar.

VI. JIG AND TOOL DIVISION

This comprises the shops whose primary functions are listed below:

1. Manufactures jigs, fixtures and tools for the manufacture of aircraft parts and assemblies and engages in various phases of welding such as oxy-acetylene, electric arc and argonarc (A.C. & D.C.).

Also makes all types of ground equipment for aircraft such as engine stands and hoists, engine trolleys, bomb trolleys, oxygen trolleys, wing trestles, fuselage dollies, cannon slings, lifting fixtures, etc.

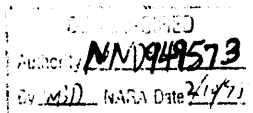
This Division does a wide variety of non aircraft sheet metal fabrication.

2. Heat Treatment. This shop has full facilities for heat treatment of aluminum alloys, and the complete range of steels including nimonic and other heat resistant alloys. Processes, include surface hardening, skin annealing, carburizing and nitriding.

3. Plastic Shop. This shop is involved primarily in a manufacture of plastic tools for the use of the Parts Manufacturing Division for the forming of pressed, stretch pressed and drop hammered parts, as well as various other tools, such as drill jigs, etc., for use in the Aircraft Assembly Division. The shop is engaged also in the manufacture of wooden, forms, patterns, etc. for use in the foundry. It is also equipped with a plastics laboratory in which development work is being carried out.

4. Foundry Shop. This shop is at present engaged mainly in the casting of tools and small structural aircraft parts in aluminum alloys.

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#### VII. AIRCRAFT PARTS MANUFACTURING DIVISION

Is equipped with a 4,000 tons hydraulic rubber press, a 15 ton extrusion stretch forming machine, a 300 ton sheet stretch press, a 2½ ton drop hammer, many large mechanical punch presses and various other sheet metal rolling, forming and cutting machines. Although this Division is set up for production of aircraft parts, special attention has been given in its layout to the manufacture of parts in small batches. Welding of small assemblies for the CML70R is also included in the activities mentioned above.

#### VIII. MACHINING DIVISION

Is equipped with some 30 center, vertical turret, revolver and Capstan type lathes of various swings and bed lengths; 15 milling machines of various types and sizes, a wide range of grinding equipment; the necessary equipment for precise jig-boring, measuring and tool-room functions. This Division carries out machining operations for the whole plant and also engages in the complete manufacture of machined parts for production contracts.

#### IX. AIRCRAFT ASSEMBLY DIVISION

The Aircraft Assembly Division is currently engaged in the assembly of the first batch of CML70R aircraft and is in the process of being equipped with the tooling necessary for assembly of various small parts as required. It is the intention that this Division carries out complete "assembly" work, starting from the delivery of primary parts and "bought out" items. This division will of course assemble the projected B-101.

Although IAI is not unaware of the possibility of capturing more foreign business, it has to date been happy to satisfy local needs and to build up its quality for future international competition in earnest. IAI has necessarily avoided approaches to the Arab countries in the immediate vicinity but contracts have been undertaken for Turkish and Iranian firms. In general IAI feels its competitive position is good compared to Europe or the U.S. because of low labor costs and because it considers its facilities as regards quantity and quality to be head and shoulder above other facilities in the immediate area. It is IAI's stated intention of bidding more and more on foreign jobs.

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As reported in Embassy Despatch 124, IAI is currently discussing the possibilities of the joint manufacturing and marketing of a 7-9 passenger twin-engined jet executive type aircraft with Fairchild in the U.S.

IAI also reports the Seven Seas Company has approached them concerning the possibility of extending its maintenance facility to Western Europe in order to take care of small jobs. According to the discussion,

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large jobs would be brought to the home base in Israel for repair.  
 This would involve extending repair station status to a facility  
 outside of Israel, a prospect that should be of interest to FAA.

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FOR THE AMBASSADOR:

*James M. Ealum*  
 James M. Ealum  
 Third Secretary of Embassy

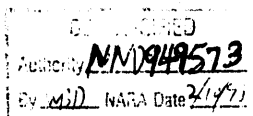
Enclosures:

As stated.

Approved:

*John F. Shaw*  
 John F. Shaw  
 First Secretary of Embassy

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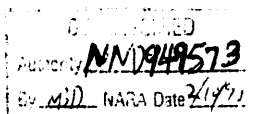
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BEDEK AIRCRAFT BALANCE SHEET as at  
31st March 1959

<u>Cash on hand and Banks</u>	IL 9,268
<u>Receivables</u>	
Government Agencies	1,759,580
Commercial Customers	1,053,211
Sundry Receivables	62,542
	IL 2,875,333
<u>Stock at Cost</u>	
Work in Progress	609,021
Work for Government Agencies at Sales price	2,484,029
Spare Parts, etc.	1,610,404
Raw Materials and Miscellaneous Materials	1,127,519
Tools, Jigs, etc.	312,658
Handling Expenses	152,961
Merchandise in Transit	99,575
Advances to Suppliers	4,109
	IL 6,400,276
<u>Total Current Assets</u>	9,284,877
<u>Deferred Expenses and other Assets</u>	
Technical Literature less Amortized	IL 2,656
Deposits	43,507
Prepaid and Deferred Expenses	130,962
Deferred Planning, Training, etc.	501,212
	IL 678,337
<u>Plant and Equipment at Cost</u>	
Buildings and Structures	IL 4,002,131
Utilities Installation and Equipment	922,358
Machinery and Equipment	3,824,909
Tools & Instruments less partial Depreciation	507,295
Cars and Trucks	78,162
Furniture and Fixtures	280,758
Construction in Progress	668,389
	IL 10,284,002
Less Depreciation	861,600
	IL 9,422,402
Base Development & Installation Cost	IL 1,361,436
Less Amortization	( 108,915)
	IL 1,252,521
<u>Total</u>	IL 20,638,137

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BEDEK AIRCRAFT BALANCE SHEET  
 as at 31st March 1959

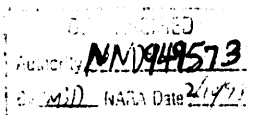
Accounts Payable

Government Agencies - Current Account	IL 2,527,940
Government Agencies - Advances on Work	2,484,029
Employees' Income Tax Witheld	6,758
Suppliers	328,282
Other Accounts Payable	70,166
Accrued Salaries and Wages	403,435
Other accrued Liabilities including Provisions	132,554
Employees' Provident Fund	136,572
Advances from Customers	<u>44,745</u>
	IL 6,134,481
Provisions for Social Benefits (Mainly Severance Fund and Accrued Vacations)	IL <u>780,000</u>

Invested Funds

Government of Israel	IL 12,313,184
Revaluation Reserve	<u>1,661,963</u>
	IL 13,975,147
Deficit from Operation	
Balance at beginning of year	IL ( 291,641 )
Profit during the year	<u>40,150</u>
Balance	IL 251,491
Net Invested Funds	IL 13,723,656
Total:	IL 20,638,137

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AGREEMENT

This Agreement made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between El Al Israel Airlines Ltd. (hereinafter called "El Al"), Boeing Airplane Company, Seattle, Washington (hereinafter called "Boeing") and Export-Import Bank of Washington (hereinafter called "Eximbank"), an agency of the United States of America;

W I T N E S S E T H:

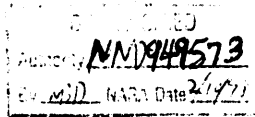
WHEREAS, El Al is a corporation organized under the laws of Israel and is engaged in the operation of an international airline and Boeing is a corporation organized under the laws of the State of Delaware and is engaged in the United States in the manufacture of aircraft; and

WHEREAS, El Al and Boeing have entered into a purchase agreement designated as Agreement No. 38 dated May 31, 1960, covering the purchase from Boeing by El Al of two (2) Boeing Model 707 aircraft (exclusive of engines), changes to the aircraft as provided for therein and related spare parts and El Al has made or will make arrangements with other United States suppliers for the purchase of other spare parts and ground support equipment for use in connection with said aircraft (hereinafter all of the foregoing equipment shall collectively be called "equipment" and Boeing or any of the other suppliers shall sometimes be referred to as "supplier" and collectively as "suppliers"); and

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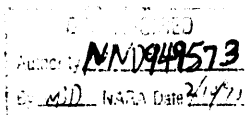


WHEREAS, the aggregate purchase price of the equipment (hereinafter called "purchase price of the equipment") is equal to approximately Thirteen Million One Hundred Twenty-Five Thousand Dollars (\$13,125,000); and

WHEREAS, the basic price of the aircraft included in the equipment is Nine Million Three Hundred Thirteen Thousand Seven Hundred Seventy-Six Dollars (\$9,313,776) and El Al has agreed to pay with respect to said basic price prior to the delivery of said aircraft Three Million Seventy-Three Thousand Five Hundred Forty-Six Dollars and Eight Cents (\$3,073,546.08) or approximately thirty-three per cent (33%) of such basic price; and

WHEREAS, El Al and Boeing have agreed that, to the extent of One Million Two Hundred Ten Thousand Seven Hundred Ninety Dollars and Eighty-Eight Cents (\$1,210,790.88) the requirement for the aforesaid predelivery payments may be satisfied by Boeing extending credit to El Al for fifteen per cent (15%) of such sum provided that Eximbank will extend credit for eighty-five per cent (85%) thereof; and

WHEREAS, El Al has agreed to make other cash payments with respect to the purchase price of the equipment in the amount of Seven Hundred Sixty-Two Thousand Two Hundred Forty-Four Dollars and Eighty Cents (\$762,244.80) so that the cash payments to be made with respect to the purchase price of the equipment shall aggregate approximately Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000) which is approximately twenty per cent (20%) of the purchase price of the equipment; and



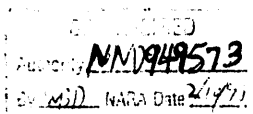
WHEREAS, there remains to be financed the purchase price of the equipment less the aforesaid cash payments of Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000) made or to be made thereon by El Al, that is, Ten Million Five Hundred Thousand Dollars (\$10,500,000) or approximately eighty per cent (80%) of the purchase price of the equipment (hereinafter the foregoing sum shall be called "financed portion of the purchase price of the equipment"); and

WHEREAS, EL Al and Boeing have requested Eximbank to assist in financing the purchase of the equipment to the extent of eighty-five per cent (85%) of the financed portion of the purchase price of the equipment but not exceeding in aggregate Eight Million Nine Hundred Twenty-Five Thousand Dollars (\$8,925,000); and

WHEREAS, Boeing has agreed to participate in the financing to the extent of the balance of the financed portion of the purchase price of the equipment but not exceeding in aggregate One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000); and

WHEREAS, The State of Israel (hereinafter called "Israel") is being requested to guarantee the obligations to be issued by El Al to evidence its indebtedness to Eximbank and Boeing; and

WHEREAS, the extension of financial assistance for the aforesaid



purpose will facilitate exports and imports and the exchange of commodities between the United States and Israel;

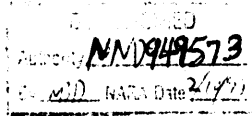
NOW, THEREFORE, In consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

#### ARTICLE I

##### Establishment of Credit

A. Eximbank hereby establishes in favor of El Al upon the terms and conditions herein set forth a credit of Eight Million Nine Hundred Twenty-Five Thousand Dollars (\$8,925,000) against which Eximbank acting independently or through the agency of one or more United States commercial banks will make advances with respect to the delivery by a supplier to El Al for exportation to Israel or to a depot elsewhere maintained by El Al or by any airline with which El Al has a working arrangement of any item of the equipment, provided that the aggregate of such advances shall not exceed eighty-five per cent (85%) of the financed portion of the purchase price of the equipment.

B. Boeing hereby agrees to extend credit in favor of El Al upon the terms and conditions hereinafter set forth in an amount not to exceed One Million Five Hundred Seventy-Five Thousand Dollars (\$1,575,000) to assist financing any item of the equipment, provided the aggregate of such financing shall not exceed fifteen per cent (15%) of the financed portion of the purchase price of the equipment.



## ARTICLE II

Submission of Contracts

Prior to the first utilization of credit hereunder El Al shall submit to Eximbank for its approval (i) a conformed copy of the contract between El Al and Boeing providing for the purchase of those items of the equipment to be furnished by Boeing and (ii) a list of the other actual and prospective suppliers and descriptions and prices of the items to be supplied by them. The foregoing data shall set forth the terms and conditions of delivery. If El Al shall make any changes in any of the items appearing on the foregoing list subsequent to the first utilization of credit, El Al shall promptly amend such list to reflect such changes.

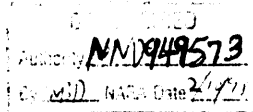
## ARTICLE III

Cash Payment

El Al shall pay for Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000) of the purchase price of the equipment from its own resources.

Prior to the first utilization of credit hereunder, El Al shall present evidence to Eximbank that it has made cash payments to Boeing with respect to the aircraft included in the equipment equal to not less than One Million Eight Hundred Sixty-Two Thousand Seven Hundred Fifty-Five Dollars and Twenty Cents (\$1,862,755.20). Prior to each utilization of credit hereunder except under Article V hereof, El Al shall present evidence to Eximbank that it has made a cash payment of not less than twenty per cent





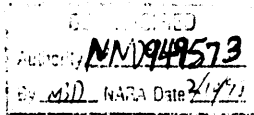
(20%) with respect to each item of the equipment being financed by each such utilization of credit.

#### ARTICLE IV

##### Terms of Repayment - Promissory Note

EI Al hereby undertakes and agrees to repay the amount advanced by Eximbank hereunder and any amounts owing to Boeing by reason of its extension of credit hereunder in fourteen (14) approximately equal successive semiannual installments commencing November 30, 1961, and to pay interest on the amounts outstanding at the rate of five and three-quarters per cent (5-3/4%) per annum payable on May 31 and November 30 of each year commencing on the first of these dates subsequent to the first advance and extension of credit, such interest to be computed on the basis of the actual number of days using a 365-day factor.

EI Al's obligation to Eximbank in connection with each advance hereunder and to Boeing in connection with each extension of credit by Boeing hereunder shall further be evidenced by a promissory note of EI Al in the principal amount of Ten Million Five Hundred Thousand Dollars (\$10,500,000) issued to Eximbank prior to any advance and extension of credit. The promissory note of EI Al shall be payable to the order of Eximbank in fourteen (14) approximately equal successive semiannual installments, the first of which shall be due and payable on November 30, 1961, and shall bear interest at the rate of five and three-quarters per cent (5-3/4%) per annum on the unpaid balance thereof from time to time outstanding payable May 31 and November 30 of each year commencing on the first of these dates subsequent to the date of the note. The note shall

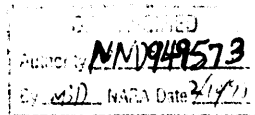


bear the unconditional guaranty as to principal and interest of Israel.

The note shall be in the English language, shall be dated not later than its date of issue and shall be payable in lawful money of the United States at a commercial bank in the United States designated by El Al and satisfactory to Eximbank. The note shall be printed or lithographed in form and substance satisfactory to Eximbank and substantially in the form of Exhibit "A" attached hereto.

Although the note shall bear interest from its date, appropriate adjustments will be made so that interest computed only from the dates of the respective advances and extensions of credit against the note shall be collected.

If, on the date specified in Article IX terminating the availability of credit hereunder for making advances and extensions of credit the aggregate of such advances and extensions of credit on the note evidencing such advances and extensions of credit is less than the principal amount of such note, an exchange of notes will be made at the request of any party to this Agreement communicated to the other parties within thirty (30) days after the aforesaid date. Upon such request and within sixty (60) days after the aforesaid availability date, El Al shall issue and deliver to Eximbank in exchange for the note then held by it evidencing advances by Eximbank and extensions of credit by Boeing hereunder another promissory note in the aggregate amount of such advances and extensions of credit. The new note given in exchange shall otherwise conform to the



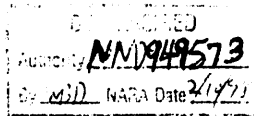
requirements of this Article IV. El Al shall pay to Eximbank at the time of any exchange of notes, all interest which shall have accrued on the note surrendered to the date of the new note given in exchange. If a timely request for an exchange of notes is not made the excess principal amount on the note shall be credited in payment of the installments thereon in the inverse order of their maturities.

Except as provided in Article XVII prepayments on the indebtedness of El Al hereunder and any note or notes evidencing such indebtedness may be made at any time but must be accompanied by payments of interest on the amount prepaid to the date of prepayment and will be applied to the satisfaction of installments in the inverse order of their maturities.

#### ARTICLE V

##### Revolving Fund

When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank will upon receipt of a request from El Al deposit to the account of El Al at a commercial bank in the United States designated by El Al an amount up to Two Hundred Fifty Thousand Dollars (\$250,000). This sum shall constitute a fund (hereinafter referred to as the "Revolving Fund") which, as thus established and as it may be reimbursed from time to time thereafter as provided in Article VI, shall be used by El Al exclusively for the purpose of financing United States dollar expenditures for the purchase price of any item of the equipment other than the two aircraft. It shall be understood that the amount

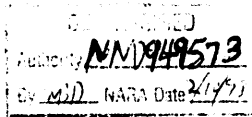


thus deposited by Eximbank shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such deposit and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such deposit, that the request by El Al for such deposit shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of such deposit. It shall also be understood that as a condition to such deposit Eximbank shall have received from Boeing the fifteen per cent (15%) portion of such deposit, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such deposit. At such time as a deposit to the account of El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such deposit.

#### ARTICLE VI

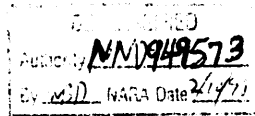
##### Reimbursement of Revolving Fund

From time to time after Eximbank has made the deposit provided for in Article V and as the Revolving Fund thus established may require reimbursement for the purpose of financing additional United States dollar expenditures for the purchase price of any item of the equipment other than the two aircraft, Eximbank will make further disbursements to



restore the balance of the Revolving Fund upon the request of El Al supported by such details as Eximbank may require on the basis of expenditures previously made by El Al on account of the purchase price of any item of the equipment other than the two aircraft. Such further disbursements shall not exceed in aggregate when added to advances pursuant to Article VII hereof and to the total amount of letters of credit with respect to which Eximbank has issued its commitment pursuant to Article VIII hereof, Ten Million Five Hundred Thousand Dollars (\$10,500,000) less the amount of the deposit under Article V.

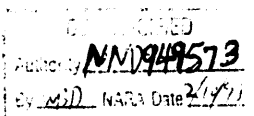
It shall be understood that each such disbursement shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such disbursement and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such disbursement, that each request by El Al for each such disbursement shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of each such disbursement by Eximbank to El Al. It shall also be understood that as a condition to each disbursement, Eximbank shall have received from Boeing fifteen per cent (15%) of the amount of such disbursement, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such disbursement. At such time as a disbursement to the account of



El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such disbursement.

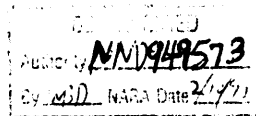
Each such disbursement by Eximbank to El Al shall be made upon receipt of the following in form and substance satisfactory to Eximbank:

- (a) The written request of El Al for a disbursement in an amount not in excess of eighty per cent (80%) of the accumulated total of the expenditures shown in the itemized statement required by subparagraph (b) hereof and a request that such disbursement shall be constituted to the extent of eighty-five per cent (85%) thereof by an advance by Eximbank against its credit herein established and to the extent of fifteen per cent (15%) thereof by an extension of credit by Boeing hereunder.
- (b) An itemized statement of expenditures by El Al describing the items of the equipment purchased by El Al not reported in any previous statement together with the cost thereof, the date of order and payment and the names and addresses of the United States suppliers of such items of the equipment. Such statement shall be accompanied by copies of receipted invoices or other documentary evidence showing purchase of and payment for items listed in the statement together with non-negotiable copies of ocean bills of lading or other documentation evidencing either delivery of such items to (i) Boeing for incorporation in the aircraft or



for exportation in such aircraft, or (ii) El Al's maintenance base in New York, New York, or (iii) a depot elsewhere maintained by El Al or by any airline with which El Al has a working arrangement.

- (c) A certificate of El Al stating that it has paid for the items listed in the itemized statement required by subparagraph (b) hereof, the exact amounts set forth in said statement and that such amounts take into account all discounts, allowances, rebates or other payments received or to be received in connection with the acquisition of said items.
- (d) A certificate of each supplier of each item of the equipment listed in the itemized statement required by subparagraph (b) hereof that the item or items supplied by it are of United States manufacture or origin and that it has not except as stated in said certificate granted or paid, agreed to grant or pay, or caused to be granted or paid to any person or other entity (except the supplier's regular full-time directors, officers and employees and, if the supplier is Boeing, its counsel, to the extent of their regular remuneration) any discount, allowance, rebate, commission, fee or other payment in connection with the sale of or for obtaining the contract to sell said item or items.



- (e) Such additional documents and information relative to the foregoing as Eximbank may from time to time reasonably request.

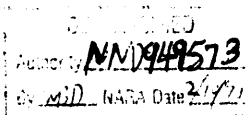
Within twenty-five (25) days following the date specified in Article IX terminating the availability of credit hereunder, El Al shall submit to Eximbank an itemized statement of expenditures as provided in subparagraph (a) and certificates relative thereto as provided in subparagraphs (b), (c) and (d) with respect to all expenditures which have been made from the Revolving Fund and which have not been reported in any previous itemized statement. If the expenditures so reported, together with the expenditures reported in previous itemized statements, do not equal the total of the amounts disbursed by Eximbank to establish or reimburse the Revolving Fund, El Al shall promptly pay over to Eximbank an amount equal to the difference, plus the requisite interest, to be applied as a prepayment on the promissory note as provided in Article IV.

#### ARTICLE VII

##### Advances - Predelivery Payments

When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank, at the request of El Al and upon presentation by El Al of an invoice from Boeing indicating a predelivery payment in excess of twenty per cent (20%) of the basic price of the two (2) aircraft included in the equipment due under the above-mentioned Agreement No. 38 dated May 31, 1960 between El Al and Boeing, will pay

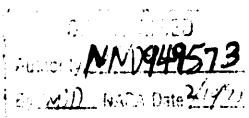




to Boeing eighty-five per cent (85%) of the part of such excess not previously financed hereunder. The invoice shall show the amount theretofore paid by El Al, the amount due upon presentation of the invoice and such other information as Eximbank may reasonably request.

It shall be understood that each such payment shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such invoice and an extension of credit by Boeing to the extent of fifteen per cent (15%) of such invoice, that each request by El Al for such payment shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of such invoice.

When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank also will, at the request of El Al and upon presentation by El Al of a receipted invoice from Boeing indicating predelivery payment made by El Al in excess of twenty per cent (20%) of the basic price of the two (2) aircraft included in the equipment under the above-mentioned Agreement No. 38 dated May 31, 1960 between El Al and Boeing, make a disbursement to El Al for the part of such excess not previously financed hereunder. The invoice shall show the amount theretofore paid by El Al, the amount due upon presentation of the invoice and such other information as Eximbank may reasonably request.

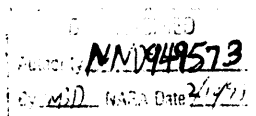


It shall be understood that each such disbursement shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such disbursement and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such disbursement, that each request by El Al for each such disbursement shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of each such disbursement by Eximbank to El Al. It shall also be understood that as a condition to each disbursement, Eximbank shall have received from Boeing fifteen per cent (15%) of the amount of such disbursement, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such disbursement. At such time as a disbursement to the account of El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such disbursement.

#### ARTICLE VIII

##### Advances - Letters of Credit

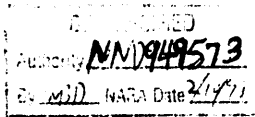
When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank will, at the request of El Al, issue its undertaking to reimburse funds to a United States commercial bank satisfactory to Eximbank and Boeing in connection with letters of credit which



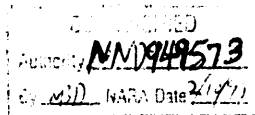
are to be issued with the approval of Eximbank by said commercial bank in favor of Boeing and which are to provide for payment to Boeing upon delivery of each aircraft included in the equipment, of not to exceed eighty-five per cent (85%) of that portion of the purchase price of the respective aircraft which has not previously been paid in cash by El Al or financed hereunder. It shall be understood that each cash drawing under the letter of credit by Boeing to the extent of eighty-five per cent (85%) of that portion of the purchase price of the respective aircraft which has not previously been paid in cash by El Al or financed hereunder shall constitute an advance by Eximbank against its credit hereunder and shall also constitute an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such portion of the purchase price and that such advance and extension of credit shall be charged against the note of El Al hereunder.

It shall also be understood (i) that such undertaking by Eximbank shall constitute a pre-emptive commitment of Eximbank's credit hereunder; (ii) that interest on advances against Eximbank's credit hereunder and on the corresponding extensions of credit by Boeing hereunder will accrue from the date of the cash drawing under the letter of credit; and (iii) that in making payments to the commercial bank pursuant to its undertaking, Eximbank shall in no way be liable for acts or omissions of said bank in connection with the issuance of, or payments to the beneficiary of, such letter of credit.

Eximbank will at the request of El Al issue an undertaking as aforesaid upon receipt of the following in form and substance satisfactory to it:



- (a) A request signed by an authorized representative of El Al identifying the aircraft the purchase of which is to be financed through the proposed letter of credit and authorizing Eximbank to issue the afore-said undertaking with respect thereto. Such request shall be accompanied by a certificate signed by an authorized representative of El Al certifying that El Al has not received or agreed to receive any discount, allowance, rebate or other payment in connection with the acquisition of such items, except discounts, allowances, rebates or other payments, if any, as will be taken into account in the invoices presented in support of drawings under said letter of credit.
- (b) Three copies of the proposed letter of credit complete in all respects except as to date and signature and expiring by its terms not later than June 30, 1961, unless Eximbank and Boeing shall consent jointly otherwise in writing. Said letter of credit shall contain conditions satisfactory to Eximbank and El Al among which shall be that Boeing must submit to the issuing bank (i) evidence that El Al has received delivery of the respective aircraft, and (ii) a certificate of Boeing with respect to the aircraft covered by the letter of credit certifying (x) that such aircraft supplied by it is of United States manufacture or origin and (y) that



it has not, except as stated in said certificate, granted or paid, agreed to grant or pay, or caused to be granted or paid to any person or other entity (except Boeing's regular full-time directors, officers, employees and counsel to the extent of their regular remuneration) any discount, allowance, rebate, commission, fee or other payment in connection with the sale of, or for obtaining the contract to sell, said item.

- (c) Such other documents relative to the foregoing as Eximbank may reasonably request.

#### ARTICLE IX

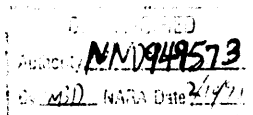
##### Availability of Credit

Advances shall not be made by Eximbank hereunder or credit extended by Boeing hereunder subsequent to July 31, 1961, unless and to the extent that in either case Eximbank and Boeing may give their joint written consent thereto.

#### ARTICLE X

##### Assignment of Indebtedness

It is understood and agreed that at any time Eximbank or Boeing may sell, transfer, negotiate, grant participations in or otherwise dispose of all or any portion of either the indebtedness of El Al resulting hereunder or of any promissory note evidencing such indebtedness, provided that prior to any such disposition by either Eximbank or Boeing the party

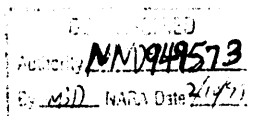


intending to make such disposition will give written notice to the other two parties to this Agreement and in so far as feasible, Eximbank or Boeing as the case may be shall consult with El Al or its agents as to the manner of such disposition.

#### ARTICLE XI

##### Exchange of Notes

Upon the request of Eximbank at any time or from time to time not earlier than ninety (90) days after the date specified in Article IX terminating the availability of credit, El Al shall issue and deliver to Eximbank a new promissory note or notes in exchange for any promissory note or notes theretofore issued to Eximbank to evidence advances by Eximbank and extensions of credit by Boeing pursuant to this Agreement. The new promissory note or notes shall be dated so that no gain or loss of interest or acceleration or delay of interest payments will result. The aggregate principal amount of the new promissory note or notes issued at any time shall be equal to the aggregate of all outstanding advances against the note or notes surrendered in exchange therefor, and the new promissory note or notes shall be issued in such denomination as Eximbank may specify. If Eximbank shall so request, any new promissory note or notes issued pursuant hereto shall be so issued that all or any part of each installment of principal of any note surrendered or of all installments of principal of like maturity of any two or more notes surrendered shall be severally evidenced by such new promissory note or notes. The maturity date or dates of the principal, or installments of principal, of



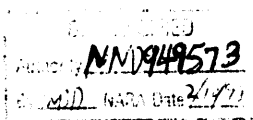
any such new promissory note shall be the same as the maturity date or dates of the unmatured installments of the note or notes surrendered in exchange therefor. Each new promissory note issued pursuant hereto shall conform to the requirements of Article IV of this Agreement and shall be substantially in the form of Exhibit "A" attached hereto except for such changes as may be appropriate to accomplish any of the purposes hereof. No new promissory note to be issued hereunder shall be in a principal amount of less than One Hundred Thousand Dollars (\$100,000).

#### ARTICLE XII

##### Equality of Indebtedness and Participation by Boeing

El Al, Boeing and Eximbank covenant that the terms of the indebtedness of El Al in favor of Eximbank hereunder and any note or notes evidencing such indebtedness and the terms of the indebtedness of El Al in favor of Boeing hereunder and any note or notes evidencing such indebtedness shall at all times be pari passu in all respects. Without in any way limiting the scope of the previous sentence, each covenants that it will not enter into any arrangement, without the consent of the others, (i) varying any of the terms of such indebtedness or any promissory note or notes evidencing it, (ii) resulting in payments to either Eximbank or Boeing, without rateable payment to the other, and (iii) securing either Eximbank or Boeing without rateably securing the other.

Eximbank hereby grants to Boeing a participation in each note or notes evidencing the indebtedness of El Al hereunder. Such participation with respect to any such note shall be in an amount equal to that percentage of the principal thereof which the total amount of extension of credit



by Boeing hereunder bears to the aggregate of said total amount and the total amount of advances by Eximbank hereunder. Promptly following receipt by Eximbank of any payment of principal, interest or other charge in respect of any such note or pursuant to this Agreement, Eximbank will credit to Boeing's account at a commercial bank in the United States designated by Boeing, Boeing's pro rata share of any such payment.

#### ARTICLE XIII

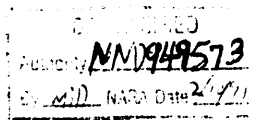
##### Representations and Warranties

El Al represents and warrants:

A. That it is a corporation duly organized and existing under the laws of Israel with full power, authority, and legal right to enter into this Agreement, to incur the obligations and indebtedness herein provided for, and to execute and deliver the promissory notes to be issued hereunder and that it has taken all necessary corporate and legal action to authorize the execution and issuance of the notes required hereunder.

B. That there are no charter or by-law provisions of El Al and no provisions of any existing mortgage, indenture, franchise, concession, or agreement binding on El Al which would be contravened by the execution, delivery or performance of this Agreement, or of the promissory notes required hereunder.





C. That the properties and assets of El Al are not subject to any mortgages, liens, pledges, hypothecations or encumbrances, other than as described in the submission of El Al and Boeing to Eximbank dated May 13, 1960, with respect to the financing provided hereunder and other information submitted in connection therewith prior to the date hereof.

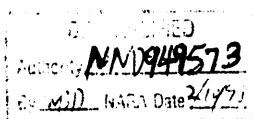
D. Since May 13, 1960, there have been no changes in the assets or liabilities or financial condition of El Al from those set forth in the submission of El Al and Boeing to Eximbank, dated May 13, 1960, with respect to the financing provided hereunder other than changes in the ordinary course of business or disclosed to Eximbank and Boeing in writing prior to the date hereof and such changes have had no material adverse effect on the business or financial condition of El Al.

E. That there are no legal proceedings pending or so far as is known to El Al threatened before any court or administrative agency of any country which could materially and adversely affect the financial condition, the business or the operations of El Al.

#### ARTICLE XIV

##### Information to be Furnished

So long as any indebtedness of El Al resulting hereunder including any promissory note evidencing such indebtedness remains unpaid, El Al shall furnish to Eximbank or Boeing or both such reports and information relating to El Al's financial condition and operations as Eximbank or Boeing may reasonably request.



## ARTICLE XV

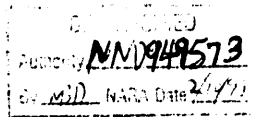
Financial Covenants

El Al covenants and agrees with Eximbank and Boeing that so long as any indebtedness of El Al resulting hereunder including any promissory note evidencing such indebtedness remains unpaid, and except to the extent that Eximbank and Boeing may otherwise jointly agree in writing:

A. Except as permitted in subparagraph B below, El Al will not enter into any arrangements with respect to any indebtedness currently outstanding or hereafter incurred which arrangements would have the effect of placing any creditor in a position of preference over Eximbank and Boeing with respect to the availability of the assets of El Al for the satisfaction of its indebtedness to Eximbank and Boeing.

B. El Al will not create nor suffer to exist any lien, assignment, encumbrance, or other priority with respect to its properties or revenues as security for any debt or obligation of El Al other than (i) liens incurred in the ordinary course of business which arise from obligations not overdue or which do not secure any indebtedness for money borrowed; (ii) liens on equipment or materials securing the purchase price thereof; and (iii) liens which are disclosed in the submission of El Al and Boeing to Eximbank dated May 13, 1960, with respect to the financing provided hereunder or in other information submitted in connection therewith prior to the date hereof.

C. El Al will use its best efforts to maintain, preserve and keep in full force and effect its permanent and temporary franchises, concessions and licenses from Israel and its rights, permits, franchises,



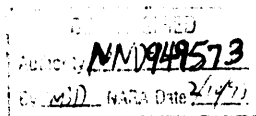
licenses and concessions from foreign governments or authorities, and use its best efforts, from time to time, to obtain appropriate renewal or replacement thereof; provided that nothing in this clause C shall prevent El Al from abandoning, or permitting the amendment, expiration or termination of any such franchise, license or concession or from the obtaining of new or additional franchises, licenses or concessions if such abandonment, amendment, expiration, termination or obtaining of new franchises, licenses or concessions is not prejudicial in any material respect to the rights of Eximbank or Boeing hereunder and, in the opinion of El Al, in the business interest of El Al.

D. El Al will not sell either or both of the aircraft included in the equipment and will not lease or otherwise transfer either or both of said aircraft for a period or periods in excess of six (6) consecutive months in any calendar year.

#### ARTICLE XVI

##### Insurance

El Al covenants and agrees with Boeing and Eximbank that it will maintain insurance upon each of the aircraft included in the equipment under a contract of All-Risk Hull insurance satisfactory to Boeing and Eximbank so long as any indebtedness of El Al resulting hereunder including any promissory note issued hereunder evidencing such indebtedness remains unpaid in whole or in part. The insurance shall be payable in United States dollars in the United States. The amount of the insurance, including deductible clauses, shall be in accordance with normal

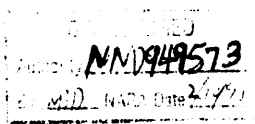


practices in the airline industry but in no event shall the total of the insurance for both of the aircraft be less than eighty-five per cent (85%) of the indebtedness of El Al from time to time outstanding hereunder including the unpaid portion of any promissory note evidencing such indebtedness. In the event of damage to any of the aircraft included in the equipment, except total loss or constructive total loss, which damage is compensable under the insurance, El Al shall promptly upon receipt of the proceeds of such insurance apply the proceeds of such insurance to the repair of such aircraft. In the event of total loss or constructive total loss of any of the aircraft included in the equipment, which total or constructive total loss is compensable under the insurance, El Al shall promptly upon receipt of the proceeds of such insurance, at its option, either (i) apply the proceeds of such insurance to the replacement of such aircraft, or (ii) apply the proceeds of such insurance, or so much of the proceeds as may be necessary, to satisfy the unpaid balance of El Al's indebtedness resulting hereunder and any promissory note evidencing such indebtedness. Within sixty (60) days after such total loss or constructive total loss of either of the aforementioned aircraft, El Al shall advise Eximbank and Boeing in writing which of the foregoing options it has elected.

#### ARTICLE XVII

##### Sale of Aircraft

In the event that Eximbank and Boeing shall give their joint written consent to a sale of any of the aircraft included in

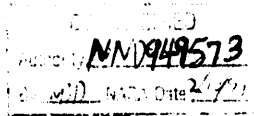


the equipment and pursuant to such consent any of such aircraft shall be sold prior to payment in full of the indebtedness of El Al resulting hereunder and any promissory note evidencing such indebtedness, El Al shall notify Eximbank and Boeing thereof and shall pay over forthwith to the holders of any such indebtedness and note in United States dollars the proceeds of any such sale, or so much of the proceeds as may be necessary to satisfy the unpaid balance of the indebtedness of El Al resulting hereunder and any promissory note evidencing such indebtedness, whichever is less. The proceeds of any such sale thus paid over by El Al shall be applied to produce a proportionately equal reduction in each installment of the then outstanding principal balance of the indebtedness of El Al hereunder and any note evidencing such indebtedness.

#### ARTICLE XVIII

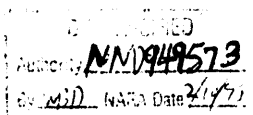
##### Special Representations, Warranties and Covenants

A. El Al represents and warrants that no director, officer, employee, agent, attorney or consultant of El Al who performed services in connection with the establishment by Eximbank of its credit hereunder was a director, officer or employee of Eximbank at any time during the period of one year prior to September 2, 1960, (the date on which the establishment of its credit was authorized by Eximbank), and covenants that during the period of two years after said date, it will not employ or enter into any understanding to employ any person (i) who was a director, officer or employee of Eximbank at any time during the period of one year prior to said date or (ii) who is a director,



officer or employee of Eximbank at the time of such employment or understanding to employ, unless in either case such employment is approved in writing by Eximbank after full disclosure to it of all facts in connection therewith which it deems to be relevant.

D. El Al represents and warrants that it has not paid, agreed to pay, or caused to be paid, and covenants that it will not pay, agree to pay, or cause to be paid to any person or other entity (except El Al's regular full-time directors, officers and employees to the extent of their regular remuneration) any commission, fee or other payment in connection with the establishment or operation of the credit, except reasonable compensation satisfactory to Eximbank for bona fide professional, technical or other comparable services incident to presenting the merits of the application to Eximbank for Eximbank's credit hereunder or to the operation of such credit. El Al covenants that, as a condition precedent to the first utilization of credit hereunder, it will certify to Eximbank the name and address of each payee or intended payee of any such commission, fee or other payment, together with a statement of the services rendered or to be rendered and the amount received or to be received by each; or, if such be the case, that there is no such payee or intended payee. Thereafter, El Al shall submit a similar certificate (i) within ten (10) days after it shall have paid, agreed to pay or caused to be paid any other commission, fee or other payment referred to above and (ii) within ten (10) days after the final date specified in Article IX terminating the availability of credit or after the date on which all credit hereunder shall have been fully utilized, whichever is earlier. Each certificate



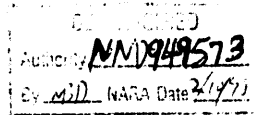
shall be accompanied by the verification of each payee or intended payee named therein of the amount of commission, fee or other payment referred to above received or to be received by him, together with his agreement to accept such reduction therein as may be necessary to make such amount satisfactory to Eximbank. In the event that the amount of such commission, fee or other payment is deemed unreasonable by Eximbank, El Al shall cause a reduction satisfactory to Eximbank to be made therein.

#### ARTICLE XIX

##### Events of Default

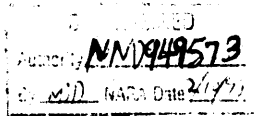
Upon the occurrence of any of the following events, herein referred to as "Events of Default":

- A. If any representation or warranty made in this Agreement by El Al proves to be incorrect in any material respect;  
or
- B. If El Al fails to pay when due any installment of principal or interest due on the indebtedness of El Al in favor of Eximbank or Boeing hereunder or on any promissory note evidencing such indebtedness or fails to pay (or make funds available for the payment of) when due, whether at maturity, by acceleration or otherwise, the principal or interest on any other security evidencing an obligation for the payment of borrowed money or on any bank overdraft; or



- C. If El Al fails to comply with any other term, covenant or condition herein and such failure remains unremedied for a period of thirty (30) days after written notice thereof has been given to El Al by Eximbank or by Boeing; or
- D. If El Al makes an assignment for the benefit of creditors; files a petition in bankruptcy; is adjudicated insolvent or bankrupt; petitions or applies to any tribunal for any receiver, trustee or similar officer appointed by any court or executive department to liquidate or conserve El Al or any substantial part of its property; commences any proceeding relating to El Al under any insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction either now or hereafter in effect; or if there is commenced against El Al any such proceeding which remains undismissed or unstayed on appeal for a period of sixty (60) days or El Al by any act indicates its consent to approval of or acquiescence in any such proceeding for the appointment of any receiver, trustee or similar officer to liquidate or conserve El Al or any substantial part of its property, or suffers any such receivership or trusteeship to continue undischarged or unstayed on appeal for a period of sixty (60) days;





then and in any such Event of Default, Eximbank or Boeing with the consent of Eximbank shall have the right to make due and payable the unpaid entire principal of any indebtedness due hereunder and any promissory note evidencing such indebtedness, together in each case with accrued interest thereon to the date of payment, upon notice delivered to El Al and any security which may exist with respect to such indebtedness or promissory note shall upon such declaration become enforceable.

#### ARTICLE XX

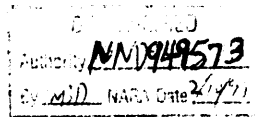
##### Taxes

Any taxes, duties, fees or other charges levied or imposed by the Government of Israel or any political subdivision or taxing authority thereof on the principal or interest of the indebtedness resulting hereunder or any promissory note issued by El Al hereunder evidencing such indebtedness which are paid by Eximbank or Boeing by deduction or otherwise shall be for the account of El Al which shall reimburse Eximbank or Boeing in United States dollars upon demand for any such amounts paid by Eximbank or Boeing.

#### ARTICLE XXI

##### Marine Transportation

Any item of the equipment, the purchase of which is financed hereunder, if transported by ocean vessels to Israel shall be transported



from the United States in vessels of United States registry as required by Public Resolution No. 17 of the 73rd Congress of the United States of America, except to the extent that a waiver of such requirement is obtained as provided in such Public Resolution.

#### ARTICLE XXII

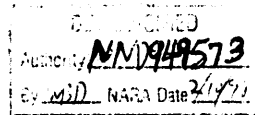
##### Priorities, Permits and Licenses

Eximbank and, except as otherwise provided in Agreement No. 38 dated May 31, 1960, between Boeing and El Al, Boeing do not assume any obligation or responsibility for the issuance by any agency or department of the Government of the United States of any priority, allocation, permit or license which may be required under existing or future laws of the United States or any existing or future regulation of any agency or department of the United States which may be required to manufacture, produce, purchase, sell or export any item of the equipment which El Al may wish to purchase and finance hereunder.

#### ARTICLE XXIII

##### Expenses

El Al shall pay on demand reasonable out-of-pocket costs and expenses incurred by Eximbank or Boeing or both in connection with the operation of the credit and any costs and expenses, including legal fees, incurred by Eximbank or Boeing or both in connection with



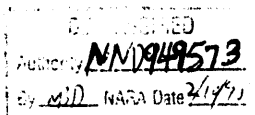
the enforcement of this Agreement or to effect the collection of any part of the principal or interest of the indebtedness resulting hereunder including any promissory note evidencing such indebtedness.

ARTICLE XXIV

Legal Opinions and Documents

A. As a condition precedent to the first utilization of the credit established hereunder, El Al shall furnish to Eximbank and Boeing, in form and substance satisfactory to Eximbank and Boeing, the following:

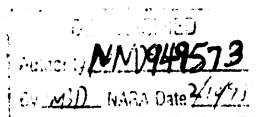
- (i) Evidence of the authority (w) of the person or persons who have signed this Agreement on behalf of El Al; (x) of the person or persons who will sign the promissory notes on behalf of El Al; (y) of the person or persons who will sign the guaranty of the promissory notes on behalf of Israel; and (z) of the person or persons who will represent El Al in connection with the signing of certificates and operations under this Agreement, together with the authenticated specimen signature, in duplicate, of each such person.
- (ii) An opinion or opinions of counsel satisfactory to Boeing and Eximbank which shall demonstrate to the satisfaction of Boeing and the General Counsel of



Eximbank or counsel designated by him that (x) this Agreement as signed on behalf of El Al is legally binding upon El Al in accordance with its terms; (y) the promissory notes provided for hereunder when and as issued will constitute the valid and binding obligations of El Al in accordance with their terms; (z) the guaranties of payment of said notes by Israel when and as given will constitute the valid and binding obligations of Israel. Said opinions shall refer to all pertinent laws, decrees and documents.

B. Prior to the first utilization of credit hereunder, Boeing shall furnish the following in form and substance satisfactory to Eximbank and El Al:

- (i) Evidence of the authority (x) of the person or persons who will sign this Agreement on behalf of Boeing; (y) of the person or persons who will represent Boeing in connection with operations under this Agreement, together with the authenticated specimen signature, in duplicate, of each such person.
- (ii) An opinion or opinions of counsel satisfactory to Eximbank which shall demonstrate to the satisfaction



of the General Counsel of Eximbank or counsel designated by him that this Agreement as signed on behalf of Boeing is legally binding upon Boeing in accordance with its terms.

- C. Boeing and El Al shall furnish Eximbank with such additional information, documents and opinions as Eximbank may from time to time reasonably request.

#### ARTICLE XXV

##### Communications

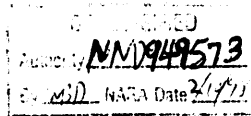
- A. All communications required or permitted hereunder shall be addressed to the parties hereto at the addresses set forth below, and shall be effective, except as otherwise provided in this Agreement, when mailed:

The Export-Import Bank of Washington  
Washington 25, D. C

El Al Israel Airlines Ltd  
Lod Airport, Israel

Boeing Airplane Company  
Seattle 24, Washington

- B. All communications, evidence, reports, opinions, and other documents required or permitted hereunder, unless submitted in the English language, shall be accompanied by one English translation for each copy of such document required to be furnished.



C. The English language rendition of this Agreement, communications, evidence, reports, opinions and other documents required or permitted hereunder, shall govern in the event of any conflict, if any, with the Hebrew version thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in three counterparts at Washington, District of Columbia, United States of America, as of the date first above written.

ATTEST: EL AL ISRAEL AIRLINES LTD.

\_\_\_\_\_  
By \_\_\_\_\_

ATTEST: BOEING AIRPLANE COMPANY

\_\_\_\_\_  
By \_\_\_\_\_

EXPORT-IMPORT BANK OF WASHINGTON

By \_\_\_\_\_  
President

Attest for Export-Import Bank  
of Washington:

\_\_\_\_\_  
Secretary

#1262

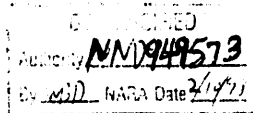


EXHIBIT "A"

EL AL ISRAEL AIRLINES LTD.

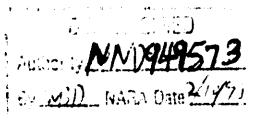
Promissory Note

Note No. \_\_\_\_\_

U. S. \$ \_\_\_\_\_, 196 .

FOR VALUE RECEIVED, El Al Israel Airlines Ltd., by this promissory note hereby promises to pay to the order of \_\_\_\_\_ at \_\_\_\_\_ the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), in installments as herein-after provided and to pay interest, on the basis of a 365-day factor, from the date hereof on \_\_\_\_\_ and \_\_\_\_\_ of each year on the unpaid balance hereof from time to time outstanding, computed at the rate of five and three-quarters per cent (5-3/4%) per annum, both principal and interest payable in lawful money of the United States of America.

The principal hereof shall be paid in fourteen (14) successive semiannual installments, the first of which shall be in the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), due and payable on \_\_\_\_\_, and the remaining thirteen (13) installments shall be due and payable successively semiannually thereafter, the second through the thirteenth installments in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) respectively and the fourteenth installment in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).



Both principal and interest are payable in lawful money of the United States of America, without deduction for or on account of any present or future taxes, duties or any other charges imposed or levied against this promissory note or the proceeds or holder hereof by or within the State of Israel or any political or taxing subdivision thereof.

The right is reserved to prepay on any interest payment date all or any part of the principal of this promissory note, without penalty or premium, any such prepayment to be applied to the installments of principal in the inverse order of their maturity.

This note was issued pursuant to a credit agreement between Export-Import Bank of Washington, Boeing Airplane Company and El Al Israel Airlines Ltd. dated \_\_\_\_\_.

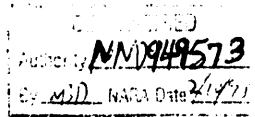
Upon default in the prompt and full payment of any installment of principal of or interest on this promissory note or any other promissory notes issued pursuant to the aforesaid credit agreement, the entire unpaid principal of and interest on this note to the date of payment shall immediately become due and payable at the option and upon the demand of the holder hereof.

The failure of the holder to exercise any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any other instance.

EL AL ISRAEL AIRLINES LTD.

By \_\_\_\_\_



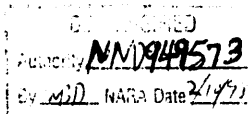


G U A R A N T Y

FOR VALUE RECEIVED, the undersigned, The State of Israel, as primary obligor, hereby unconditionally guarantees the prompt payment of principal of and interest on the foregoing promissory note when and as due in accordance with the terms thereof and waives diligence, demand, protest or notice of any kind and any requirement that the holder exhaust any right or take any action against the maker of the foregoing promissory note and hereby consents to any extension of time of payment of the foregoing promissory note.

THE STATE OF ISRAEL

By \_\_\_\_\_



## DEPARTMENT OF STATE INSTRUCTION

974

UNCLASSIFIED  
(Security Classification)

FOR RM/R USE ONLY

NO.: A-131, March 10, 1961

SUBJECT: Request for Publication on Civil Aviation

TO: The American Embassy, TEL AVIV

Embassy despatch 437 of February 2, 1961 requested publications, literature and other appropriate material that might be relevant to the work of the National Council for Civil Aviation. The despatch was directed to the attention of the Federal Aviation Agency (FAA), Department of Commerce and the Civil Aeronautics Board (CAB) by the Department in order to obtain appropriate material.

Enclosed is a pamphlet which lists publications prepared by the Federal Aviation Agency. Instructions for ordering the FAA publications are listed on page 2 of the pamphlet. The FAA presently mails two copies each of several selected documents to the Israel Embassy in Washington. Neither the Department nor the FAA has information regarding the disposition of such documents by the Israel Embassy. The National Council for Civil Aviation may wish to query their Embassy in this regard.

Also enclosed is the last (1959) Annual Report to the President by the Air Coordinating Committee (ACC). The ACC was abolished by Executive Order dated August 11, 1960. The Annual Report is the only type of document or publication that would normally be disseminated to a foreign government.

Although no publication or other appropriate material has been received from either the Department of Commerce or the CAB, the Department has been informed by those agencies that they will review the request to determine what material they have that may be useful to the National Council.

UNCLASSIFIED  
(Security Classification)DRAFTED BY:  
TRC:AV:GPV:ros:sms

3/9/61

APPROVED BY:  
AV - H. T. SnowdenCLEARANCES:  
TRCNEA - Mr. Newsom  
(by phone)FAA:IC-11: Lt. Col. Brandon  
(by phone)

S/S-CR

MAR 10 1961

984A.72/2-261

LWS

72/261

CLASSIFIED
NUMBER <u>NM 949573</u>
BY <u>MSD</u> NARA Date <u>2/19/71</u>

AVIV

PAGE 2

UNCLASSIFIED  
(Security Classification)

In the meantime, the Embassy may pass the FAA Publications pamphlet and the ACC Annual Report of 1959 to the Director General of the Council with any appropriate explanation that might be necessary in accordance with the above information.

RUSK

2 Enclosures:

- ✓ 1. FAA Publications (pamphlet).
- ✓ 2. ACC Annual Report of 1959.

UNCLASSIFIED  
(Security Classification)

RECORDED  
 INDEXED  
 NN 949573  
 BY MID WARA Date 2/14/71

PRIORITY (Security Classification)

FOREIGN SERVICE DESPATCH

FROM : American Embassy Tel Aviv

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : CERP Section D-VIII-A-4

DO NOT TYPE IN THIS SPACE

984A.72/2-261

FEB. 5 1961

February 2, 1961.

DATE

437

DESP. NO.

FILE

ACTION	DEPT.
NEA-4	RM/R-2 INR-7 E-3 Rep-1
REC'D	FAA-5 CAB-6 Com-8 CIA-10 NAVY-4 ARMY-4
2-9-61	

SUBJECT: Request for Publications on Civil Aviation

For Commerce, FAA, CAB, ACC.

A decision in principle was taken by GOI last year to form a National Council for Civil Aviation. The Council was actually organized and activities commenced the first of January this year. One of the first acts was to send a circular to all diplomatic missions outlining its duties and asking to be supplied with "any publications, literature and other materials relevant to the work of the Council".

According to the resolution of establishment, the Council is to study, examine and advise on the following subjects:

- Preparation of Master Plan for Civil Aviation.
- Planning of air transportation.
- Operation of international and internal air services.
- Operation of airports.
- Purchase of aviation equipment.
- Establishment of enterprises for maintenance, overhaul and production of aviation equipment.
- Vocational Training and man-power in aviation services.
- Promotion of sport of flying.
- Coordination between operators in air transportation, air-agricultural and other services.
- Laws in aviation.
- International relations.

JMEalum/bad

REPORTER

UNCLASSIFIED

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

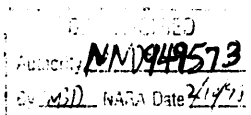
984A.72/2-261

HBS RM/R. Reply Draft Request 3/9/61

File

Test action to  
 AV: Geo. Varras  
 5529 NS/6

1961 FEB 10 PM 1 55

UNCLASSIFIED  
(Classification)Page 2 of  
Encl. No. \_\_\_\_\_  
Desp. No. 437  
From Tel Aviv

An officer of the Embassy spoke last week with the Director General of the Council, Mr. U. Michaely, presently Advisor on Civil Aviation to the Ministry of Transport and Communications and formerly Director of Civil Aviation, in an effort to determine more exactly what the Council desired. Mr. Michaely said that he had written directly to old friends in FAA requesting any publications relating to the area of responsibility of the Council but that he also wished to make a more formal request through the Embassy. He requested that should such a thing exist, that the Council be put on the mailing lists of the various federal agencies dealing with civil aviation. Besides FAA, Mr. Michaely mentioned specifically the Department of Commerce, the Civil Aeronautics Board and the Air Coordinating Committee. He gave special emphasis to the latter since he is under the impression that the A.C.C. has functions similar to those of Israel's National Council.

The Embassy requests that the specific agencies be advised of Israel's interest in the civil aviation subjects listed above and that any appropriate material be forwarded through the Embassy to Israel's National Council for Civil Aviation.

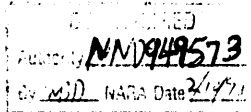
FOR THE CHARGE D'AFFAIRES A.I.

  
James M. Ealum  
Third Secretary of Embassy

APPROVED BY:

  
Jack B. Button  
Second Secretary of Embassy

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INCOMING TELEGRAM

Department of State

ACTION COPY

PERMANENT RECORD COPY

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Action

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CIA

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CONFIDENTIAL

Classification

Control: 7282

Rec'd: February 12, 1961  
1:03 a.m.

FROM: Tel Aviv

TO: Secretary of State

NO: 772, February 11, 1 p.m.

SENT DEPARTMENT 772, BAMAKO 11.

Re EMBTEL 6 to Bamako, repeated Department 710 .

Following represents observations air traffic adviser Agmon who returned to Israel from Bamako this week.

DC-3 regarded as good for internal operations but not for longer flights.

DC-4s requested by Mali not likely to be paying proposition in first year. Passenger density is very light; also while export cargo can be developed, little now available.

Mali thought to desire DC-4s for number reasons:

1. Aircraft is well-known to officials and its capabilities proven. Air France operates one DC-4 on weekly internal flight. Aircraft also used extensively by Air France in area in international operations.

2. Operational costs reportedly one and one-half that of Dakotas but payload two and one-half that of Dakotas.

3. Aircraft needed for long flights to centers outside Mali; these involved distances 800 miles or more. Connections of Bamako to capitals and ports neighboring countries very poor and limited to single small railroad to Senegal; and inadequate roads. Consequently aircraft provide only practical line; at this time.

984A.72/2-1161

HBS

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UNLESS "UNCLASSIFIED"

ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER		DATE OF ACTION	
OFFICE SYMBOL		DIRECTIONS TO RM/R	

Feb 12/15/61

SECRET
REF ID: A66573
EX-100 NARA Date 2/14/71

CONFIDENTIAL

-2- 772, February 11, 1 p.m., from Tel Aviv

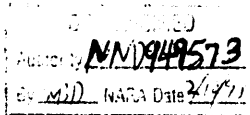
4. Important potential exists for generating air cargo and export earnings in slaughtering of Mali cattle for sale in coastal region. Cattle at time of slaughter weight 120 kilos a head; however, weight drops to only 60 kilos if walked to coastal centers. Great demand exists for Mali meat in Abidjan, Dakar and Accra.

Agmon of opinion highly important for west to provide aircraft needed by Mali since this last remaining country in area in which Soviet inroads have not yet reached significant proportions. Foregoing can be verified by Edelstein who remains in Mali with Israel Transport Mission.

SHAW

SW:BP

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Air Pouch  
PRIORITY  
**FOREIGN SERVICE DESPATCH**

UNCLASSIFIED  
(Security Classification)

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984a 72/4-361

FROM : American Embassy Tel Aviv

561  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 3, 1961

APR. 6 1961

REF : CA 6339 of January 27, 1961

16 For Dept. Use Only	ACTION	DEPT.
	REC'D	IN F O
4/7	REF 1 E-7 NEA-4 INR-7 ICA-11	
	FAA-5 CAB-6 Cur-6 CIA-10 Navy-3 NSA-4	

SUBJECT: FOR COMMERCE: World Survey of Civil Aircraft

Army - 4

(1) An up to date list of civil aircraft registered in Israel is appended as enclosure #1. The source of this information was Israel's Department of Civil Aviation.

(2) As is readily apparent from a glance at enclosure #1, the overwhelming majority of the 68 aircraft listed are of U.S. manufacture. Both government and commercial sources are aware of U.S. products and it is unlikely that the U.S. share of the market will drop, at least in the near future. On the other hand, because of the costs involved compared to resources available, the total register of aircraft cannot be expected to increase very rapidly.

Israel is a rather small country and most places are accessible enough by other measures of transportation. One of the least developed potentials is in the area of flying by individual businessmen. Industry is concentrated in the central and northern sections however and the short distances involved militate against development of this potential. Despite this, the Cessna agent (resident agent of U.S. company and has demonstrator) has been active and has several prospective customers, private and government, on the string.

Private flying for pleasure offers another potential that has little chance of really being exploited until Israel becomes less isolated.

The most recent large orders for U.S. planes number two. A little over two years ago Chimavir Ltd. ordered 10 Pipers through the Israel Supply Mission in New York for crop-spraying and dusting purposes. Last year the biggest order by far was placed when El Al ordered two Boeing 707's. Since then El Al has decided to order a third Boeing. The Embassy knows of no further orders currently being considered.

(3) Asked for a list of titles of reports and/or publications civil aviation subjects, Israel's Department of Civil Aviation referred the Embassy to the following:

a. AIP-Israel

JMEal/mk

REPORTER

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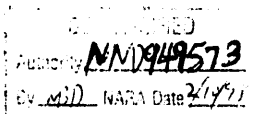
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FILED  
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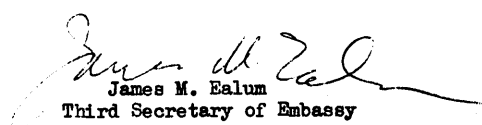
Page 2 of  
Encl. No. \_\_\_\_\_  
Desp. No. 561  
From Tel Aviv


- a. AIP-Israel (for location airports and facilities as well as regulations and codes employed)
- b. Israel Government Year Book (for organization of Department of Civil Aviation)
- c. Bulletin of the Government Statistical Office (for airline traffic).

FOR THE CHARGE D'AFFAIRES AD INTERIM:

Enclosure

Register of Aircraft

  
James M. Ealum  
Third Secretary of Embassy

Approved:   
John F. Shaw  
First Secretary of Embassy

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# REGISTER OF ISRAEL'S CIVIL AIRCRAFT

Registry No.	Manufacturer	Type of Aircraft	Owner
4X-AKA	Lockheed Aircraft Corp. USA	Constellation	El-Al (Israel Airlines Ltd.) (International Service)
4X-AKB	" " " "	" " " "	" " " "
4X-AKD	" " " "	" " " "	" " " "
4X-AKE	" " " "	" " " "	" " " "
4X-AGA	Bristol Aeroplane Co. Ltd. U.K.	Britannia 310	" " " "
4X-AGB	" " " "	" " " "	" " " "
4X-AGC	" " " "	" " " "	" " " "
4X-AGD	" " " "	" " " "	" " " "
4X-ADR	Fokker, Amsterdam Holland	Fokker s-11-2	" " " "
4X-ADA	Douglas Aircraft Corp. USA	Douglas C 47 B	Arkia (Israel Inland Airlines Ltd) (Domestic Service)
4X-ACW	" " " "	" " " "	" " " "
4X-AEO	# " " "	" " DC 3	" " " "
4X-AES	" " " "	" " DC 3	" " " "
4X-ADQ	Beech Aircraft Corp.	Beech C-4567	" " " "
4X-AMB	Boeing Airplane Co. USA	Stearman PT-17	Maron Air Services Ltd (crop dusting and spraying)
4X-AMD	" " " "	" " " "	" " " "
4X-AME	" " " "	" " " "	" " " "
4X-AMI	" " " "	" " " "	" " " "
4X-AMY	" " " "	" " " "	" " " "
4X-AEE	Piper A/C Crop. Penn. USA	Piper P.A. 18	Chimavir Ltd (crop dusting and spraying)
4X-AET	" " " "	" " 28A	" " " "
4X-ADV	" " " "	" " -150	" " " "
4X-ADX	" " " "	" " " "	" " " "
4X-ADZ	" " " "	" " " "	" " " "
4X-AGG	" " " "	" " " "	" " " "
4X-AKF	" " " "	" " " "	" " " "
4X-AKH	" " " "	" " " "	" " " "
4X-AKI	" " " "	" " " "	" " " "

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End. No. 561  
Desp. No. 561  
Tel Aviv

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Encl. No. 1

Disp. No. 561

From Tel Aviv

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(Classification)

4X-AKJ

Piper A/C Corp. Penns. USA

Piper P.A. -150

Chimavir Ltd (crop dusting and spraying)

4X-AKL  
4X-AKM  
4X-AKN  
4X-AKO  
4X-AKP  
4X-AKR  
4X-AKS" " " "  
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4X-ARI

DeHaviland A/C, England

Dove DA3

Avitour Air Services Ltd (Commercial Private Charter)

4X-AEN

Airspeed Ltd.

Consul A.S. 65

Avitour Air Services Ltd.

4X-IAF  
4X-PAKDouglas Aircraft Corp. USA  
" " " "Douglas DC-3 (Dakota)  
" "Al-Shem, (Commercial-Special flights)  
"4X-BEE  
4X-BDA  
4X-ADM  
4X-ADS  
4X-BAC  
4X-BAA  
4X-AEZ  
4X-AOA  
4X-AOB  
4X-ATA  
4X-ATENederlands Helicopter Ind.  
" " " "  
Fokker, Amsterdam, Holland  
Beech Aircraft Corp.  
Spd Aviation Corp. France  
Douglas Aircraft Corp. USA  
Douglas Aircraft Corp. USAHelicopter Kolibrie  
" H-3  
Fokker S-11-2  
Beechcraft AK.D18S  
Helicopter SE 130 A  
Alouette  
Douglas C 47 B  
Douglas C 47 BWings of Israel Ltd. (crop -dusting and spraying)  
" " " "  
Wings of Israel Ltd.  
Ministry of Defense (Business)  
" " "  
" " "  
Israel Aircraft Industry (Business)  
" " "  
" " "4X-ADG  
4X-ADH  
4X-ADI  
4X-ADJ  
4X-ADL  
4X-ADO  
4X-ADD  
4X-ADEPiper Aircraft Corp. USA  
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" " " "Piper P.A. 18  
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" " "  
" " "Aeroclub of Israel (flying club)  
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" "  
" "4X-ANA  
4X-ANB  
4X-ANCFokker, Amsterdam, Holland  
" " "  
" " "Fokker S-11  
" "  
" "Aeroclub of IAI Workers (flying club)  
" " "  
" " "

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Page 5 of

End. No. 1

Disp. No. 561

From Tel Aviv

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4X-ADB  
4X-AGZ  
4X-ARS  
4X-AOC

4X-ALB

4X-BAB

Piper A/C Corp. USA  
" " "  
Canadian Car & Foundry Co.  
" " " "

Cessna Aircraft Corp. USA

Sud Aviation Corp. France

Piper P.A. 18  
Piper J-3  
Norseman C-64A  
" "

Cessna 180

Alouette SE 130

(pleasure)  
(pleasure)  
(pleasure)  
(pleasure)

Levinson Bros. Ltd. (Air Taxi and  
demonstrator for Cessna represen-  
tative)

Alisa Ltd (demonstrator for Alouette  
representative)

UNCLASSIFIED

MM 949573

MD 100 2/11

Air Pouch

PRIORITY

(Security Classification)

FOREIGN SERVICE DESPATCH

DO NOT TYPE IN THIS SPACE

FROM : American Embassy Tel Aviv

572

Box

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 11, 1961

REF : CERP SECTION D VIII-A-4. B-1

FILE

APR 13 1961

67 For Dept. Use Only	ACTION	DEPT.
	REC'D	IN F O
<p>NEP-4 4/15 Rm 3.2 Rep. IMP-7 E-7 ICAH L-2 Cm-10 CAB-6 AIR-L FPA-5</p>		

SUBJECT: Israel's Efforts to Obtain Reciprocal Airworthiness Agreement with the United States

The Federal Aviation Agency branch office in Paris has supplied the Embassy with copies of correspondence with Mr. Y. Palgi, Israel's Director of Civil Aviation, with reference to steps taken to attain a reciprocal airworthiness agreement with the United States. These steps are being initiated specifically in connection with development plans for an executive type twin engined jet aircraft styled the B-101. (See EmbDesp 124 of August 19, 1960).

The following portion of Mr. Palgi's letter (written March 15, 1961) is quoted for the Department's information:

"We have requested our Embassy in Washington to take the formal steps with the State Department in proposing a Reciprocal Airworthiness Agreement between the United States and Israel. As a guidance to our Embassy we formulated, what we believe, the content of such an agreement would and should be. I am attaching this paper to my letter, to keep you in the picture."

The Embassy also includes as an enclosure for the Department's use the proposed agreement as phrased by GOI.

FOR THE CHARGE D'AFFAIRES AD INTERIM:

Enclosure:

Copy of Certificates  
of Airworthiness for  
Imported Aircraft

Approved:

John F. Shaw

First Secretary of Embassy

JMEalum/mk

REPORTER

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ACTION COPY - DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

984A.72/4-1161

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4/20/61

MM 949573

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(Classification)  
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Page 2 of 4  
Encl. No. 1  
Desp. No. 572  
From

Certificates of Airworthiness for Imported Aircraft

Agreement effected by exchange of notes  
Signed at  
Entered into force

The Secretary of State to the Israeli Ambassador

Department of State  
Washington

EXCELLENCY:

I have the honor to refer to the discussions which have recently taken place between representatives of the Government of the United States of America and the Government of Israel regarding reaching an understanding concerning the reciprocal acceptance of certificates of airworthiness for imported aircraft.

It is my understanding that the Agreement shall be as follows:

- 1) (a) The present agreement applies to civil aircraft constructed in the United States, its territories and possessions and exported to Israel; and to civil aircraft constructed in Israel and exported to the United States, its territories and possessions.
- (b) As used herein, the term aircraft shall include civil aircraft of all categories including those used for public transport and those used for private purposes; aircraft engines and propellers and spare parts for aircraft, aircraft engines and propellers which have been exported in accordance with this agreement.
- 2) The same validity shall be conferred by the competent authorities of the United States on certificates of airworthiness for export issued by the competent authorities of Israel for aircraft subsequently to be registered in the United States as if they had been issued under the regulations in force on the subject in the United States, provided, that such aircraft have been constructed in Israel and the competent authority of Israel has certified that the type design of the aircraft complies with the airworthiness requirements of Israel together with any special conditions prescribed in accordance with paragraph 6, and has certified that the particular aircraft conform to such type design.
- 3) The same validity shall be conferred by the competent authorities of Israel on certificates of airworthiness for export issued by the competent authorities of the United States for aircraft subsequently to be registered in Israel as if they had been issued under the regulations in force on the subject in Israel, provided that such aircraft have been constructed in the United States, its territories or possessions, and the competent authority of the United States has certified that the type design of the aircraft complies with the airworthiness requirements of the United States together with any special conditions prescribed

in accordance

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(Classification)Page 3 of 4  
Encl. No. \_\_\_\_\_  
Desp. No. 572  
From \_\_\_\_\_

with paragraph 6, and has certified that the particular aircraft conform to such type design.

4) (a) The competent authorities of the United States shall arrange for the effective communication to the competent authorities of Israel of particulars of compulsory modifications prescribed in the United States, for the purpose of enabling authorities of Israel to require these modifications to be made to aircraft of the types affected, whose certificates have been validated by them.

(b) In the case of aircraft for which the United States has issued certificates of airworthiness for export, subsequently validated by Israel, the competent authorities of the United States, shall when requested, afford the competent authorities of Israel assistance in determining that major design changes or major repairs made to such aircraft comply with the application airworthiness requirements of the United States.

5) (a) The competent authorities of Israel shall arrange for the effective communication to the competent authorities of the United States of particulars of compulsory modifications prescribed in Israel for the purpose of enabling the authorities of the United States to require these modifications to be made to aircraft of the types affected, whose certificates have been validated by them.

(b) In the case of aircraft for which Israel has issued certificates of airworthiness, subsequently validated by the United States, the competent authorities of Israel, shall when requested, afford the competent authorities of the United States assistance in determining that major design changes or major repairs made to such aircraft comply with the applicable airworthiness requirements of Israel.

6) (a) The competent authorities of each country shall have the right to make the validation of certificates of airworthiness for export dependent upon the fulfillment of any special conditions which are for the time being required by them for the issuance of certificates of airworthiness in their own country. Information with regard to these special conditions in respect to either country will from time to time be communicated to the competent authorities of the other country.

(b) The competent authorities of each country shall keep the competent authorities of the other country fully and currently informed of all regulations in force in regard to the airworthiness of civil aircraft and any changes therein that may from time to time be effected.

7) The question of procedure to be followed in the application of the provisions of the present agreement shall be the subject of direct correspondence, whenever necessary, between the competent authorities of the United States and Israel.

8) The present agreement shall be subject to termination by either Government upon six (6) months notice given in writing to the other Government.

Upon the receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of Israel, the Government of the

United States

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Desp. No. 572  
From \_\_\_\_\_

United States of America will consider that this note and your reply thereto constitute an agreement between our two Governments on this subject, the agreement to enter into force on the date of your reply note.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State

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Air Priority  
PRIORITY

(Security Classification)

FOREIGN SERVICE DESPATCH

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174-74/6-5061

JUN 30 1961

FROM : American Embassy, Tel Aviv 774  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 30, 1961  
DATE

REF : CA 8196 of March 27, 1961

For Dept. Use Only	ACTION	DEPT.
	REC'D 7-5	OTHER FAA-5 CAB-6 AIR-6 ARMY-4 NAVY-4 NSA-4

SUBJECT: Special Report on Civil Aviation and Aeronautical Manufacturing CIA-1C

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REPORTER

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Desp. No. 774  
From Tel Aviv

The requested report is herewith submitted. The requirements for the previous report were met in Embassy despatches 216 of September 30, 1959, and 699 of April 25, 1960.

A. Civil Aviation

1. Role of Government:

The only regulatory body dealing with the subject is the Department of Civil Aviation in the Ministry of Transport.

The basic legislation by which the latter agency carries out its functions includes the following:

Air Navigation Act, 1927  
The Colonial Air Navigation (application of Acts) Order 1937

Carriage by Air (Colonies, Protectorate and Mandated Territories) Order 1934

Carriage by Air (Colonies, Protectorate and Mandated Territories - Dates of coming into force of convention) Order 1935

The Carriage by Air (Parties to Convention) Order 1938

Air Navigation Regulations  
(Licensing of Personnel) 1956

Air Navigation Regulations  
(Operator's Licence) 1956

Air Navigation Orders  
(Restrictions on Flying and Proclamation of Prohibited Area) 1957

Air Navigation Regulations (Fees) 1960

Air Navigation (Safety in Civil Aviation) 1961

GOI has officially paid no subsidies as such to El Al and Arkia Airlines since 1958. However all aviation enterprises are paid export premiums for net foreign currency earned or saved. This policy is applied in general to all types of industries and last year amounted to 85 agorot per dollar. With the exception of aviation fuel, which is sold tax free both to companies operating internally and those operating internationally as well, the aviation enterprises have no special exemption from taxes, fees, etc.

Due to its isolation amid the sea of Arabs, Israel does not participate in any regional convention or organization. Israel is however a member of I.A.T.A. and both El Al itself and the Department of Civil Aviation supported the U.S.

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proposal for an interim solution to the recent trans-Atlantic cargo rate structure controversy pending the final determination.

Trans World Airlines is the only U.S. carrier operating directly to and from Israel. Although El Al, as the only national Israeli airline, has certain built in advantages, to the best of the Embassy's knowledge no unfair advantage is taken of TWA or other foreign airlines operating here. TWA's greatest obstacle in the competition for local business is its out-dated equipment (See Embassy despatch 521 of 16 March 1961). This problem should be alleviated in October of this year if TWA's new jet equipment is introduced on schedule in the Tel Aviv scene.

## 2. Bilateral Agreements:

Such agreements have been concluded with the following countries:

United States of America  
United Kingdom of Great Britain & Northern Ireland  
France  
Netherlands  
Switzerland  
Greece  
Belgium  
Austria  
Turkey  
Union of South Africa  
Philippines

## 3. Air Transportation:

a. With its land connections to the surrounding countries blocked, air transportation shares the job of providing access to Israel with the marine passenger lines. Both the sea and air lanes perform an understandably important function in Israel's economy. Subsidized directly until 1958, only in 1959/60 did El Al Break out of the red and report a small profit.

b. (1) Arkia (Israel Inland Airlines) Ltd. is owned 50% by El Al and 50% by Hevrat Haovdim (Histadrut holding company). Share capital is IL 200,000.

(2) El Al (Israel Airlines) Ltd. is owned over three quarters by the Government of Israel and the remaining part of the IL 5,000,000 share capital is held by the Zim Navigation Co. Ltd., the Jewish Agency, Histadrut (Federation of Jewish Labor), the United Jewish Appeal for Israel and the Jewish National Fund. The annual income for 1959/60 was IL 32,969,046. No further financial information is available since it is the policy of the companies not to publish annual financial reports.

(3) For the number and types of aircraft owned and operated, see enclosure to Embassy Despatch 561 of April 3, 1961. For routes, time schedules and equipment used, see enclosures 1 and 2 to the present despatch.

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(4) El Al - Total ton miles flown in 1960: 29,403,000  
passenger load factor: 75%  
ton-load factor: 72%

Arkia - Total ton kilometers flown: 2,135,000  
passenger load factor: 75%  
ton-load factor: 72%

(5) GOI has previously approved the purchase by El Al of three Boeing 707 jets. Two of those have already been delivered. Recently GOI approved the purchase of two more Boeings. When delivered, El Al's jet fleet as now contemplated will consist of three Boeing 707 -420's and two Boeing 707-720's. In addition another Boeing 707 is on lease from Varig Airlines (Brazilian).

(6) Neither Arkia nor El Al has any plans for the conversion of piston aircraft presently owned and operated. Although nothing definite can be stated, the possible sale of the older model conventional aircraft should not be discounted.

c. For list of foreign air carriers, their services, schedules and equipment, see enclosure 1 to this despatch.

d. There are no aviation links as such with the Soviet Bloc.

e. For earlier statistics on domestic and international traffic, see enclosure 2 and 3 to Embassy Despatch 699 of April 25, 1960. Last year's (1960) statistics were as follows:

International Traffic (Lod Airport)

passengers:	225,470
cargo:	3,516,158 kilos
mail:	467,882 kilos

(El Al's share in the above came to over 48%)

Domestic Traffic (Arkia)

passengers:	171,511
cargo:	376,810 kilos
mail:	22,843 kilos

The trend in passengers and freight has been slowly upward over the last several years, particularly as regards passengers. It is not predicted that tourism will do anything but increase and as it does the passenger and to a lesser extent the freight statistics will climb inexorably higher.

g. See enclosure to Embassy Despatch 501 of April 3, 1961 for a register of all civil aircraft.

h. See enclosure 3 to this despatch. — 1 map

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#### 4. Airports and Airways:

a. All commercial airports are listed in Embassy Despatch 699 of April 25, 1960. The only addition is a fourth runway that was completed at Lod Airport in January 1961. It is 3040 meters long and 45 meters in width plus a half-surfaced shoulder on either side of 7½ meters. Final tests are not complete but interim results indicate that loads of 350,000 - 400,000 lbs. can be handled. The only regularly established custom facilities are at Lod.

In addition to the jet age runway just completed, plans have been submitted and approved for a new passenger and freight terminal that will be orientated to the latter. The present schedule calls for completion of the terminal in 1965 but the financing is uncertain and there is therefore doubt that the new facilities will materialize according to plan. In the meantime the existing terminal is being renovated and barring unforeseen delays should be completed by October of this year.

b. AIP Israel contains this information and is supplied with amendments as necessary to the FAA by the Department of Civil Aviation.

#### 5. General Aviation:

a. (1) and (2) - practically non existent (3) Levinson Bros. in effect has only operative air taxi service (a Cessna 180) and business is very slow. The same company has also engaged in aerial photography but only to a very limited extent. Some competition in this area may develop from a Fokker S-11-2 owned by the Wings of Israel. (4) Non-existent except for gliders owned by the Aeroclub of Israel which has 8 Pipers registered in its name. A reliable source has informed the Embassy that this company went bankrupt some time ago and that the Pipers were transferred to the Ministry of Defense. The peculiarity of Israeli licensing procedure still allows them to be carried on the civil aircraft register. The same source reported that the Fokker S-11-2 registered in the name of El Al may be transferred to the Aeroclub in the next few months and that the club may again fly something besides gliders.

The Aeroclub of the Israel Aircraft Industry Workers, although it has three Fokkers registered on its name, is not actually in operation now. (For 5.a., see also Embassy Despatch 561 of April 3, 1961).

b. The Department of Civil Aviation reports that it is constantly reviewing the possibility of using helicopters, STOL and VTOL aircraft. It feels that only a commercially feasible STOL or VTOL aircraft would solve special categories of transportation problems between certain geographical locations in Israel. The Department of Civil Aviation nevertheless feels that no available aircraft in these categories has been able to satisfactorily fill the requirements demanded. The Government has no intention moreover to ease the problem by subsidizing such an operation.

Helicopters have been tested in air taxi operations (specifically the Alouette SE-130), but the prices required by the operating costs dampened public demand to the extent that the experiment had to be cancelled.

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Helicopters are now being used in crop-dusting and spraying (Kolibri H-3) to a limited extent and the Department of Civil Aviation reports that three Djin type helicopters will soon be used on a test basis in this area. The most recent additions to the crop-dusting fleet are two Piper Ponies that have just been imported by Chimavir. They are not yet in operation and have not been registered with the Department of Civil Aviation.

c. The Embassy knows of no restriction which hampers the export of U.S. utility aircraft to Israel.

6. Outlook:

The position of Trans World Airlines (only U.S. flag carrier) and the long range development possibilities in air transportation, the various phases of general aviation and the airport and airway facilities have already been covered in this despatch or the various references. The position of U.S. companies in the Israeli market, limited as it obviously is, has been and is expected to remain favored. Aircraft are still considered a luxury in Israel by companies and individuals however and until the money supply expands considerably, sales and trading in aircraft can not be expected to increase too rapidly. Caution engendered by the lack of maintenance facilities and adequate runways will also continue for some time.

To the best of the Embassy's knowledge neither the opposing political forces nor any foreign interests are engaged in a struggle for control of the carrier service.

B. Aeronautical Manufacturing

This stage of Israel's industry can still be considered to be in the planning phase as far as civil aircraft is concerned. There has been very little progress registered in this area since Embassy Despatches 124 of August 19, 1960 and 126 of August 22, 1960. The executive type aircraft designed by Israel Aircraft Industries is really still on the drawing board. Certain modifications have been introduced however. The idea of using certain parts of the Fouga military/trainer the company is assembling has been discarded. New wings and a tail have therefore been designed to increase the speed capability to somewhere between 550 and 600 mph. This will raise the selling price to something under \$500,000. No marketing arrangement has yet been concluded either in Europe or the U.S. There is still plenty of time for negotiating however since the aircraft will not be ready for the market for probably another two years.

FOR THE AMBASSADOR:

*James M. Egan*  
James M. Egan  
Third Secretary of Embassy

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 AUTHORITY **NN1948573**  
 ON **MD** NARA Date **2/4/71**

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AGREEMENT

THIS AGREEMENT made and entered into this      day  
 of      , 19      , by and between El Al Israel Air-  
 lines Ltd. (hereinafter called "El Al"), The Boeing Company, Seattle,  
 Washington (hereinafter called "Boeing") and Export-Import Bank of  
 Washington (hereinafter called "Eximbank"), an agency of the United  
 States of America;

WITNESSETH.

WHEREAS, El Al is a corporation organized under the laws  
 of Israel and is engaged in the operation of an international air-  
 line and Boeing is a corporation organized under the laws of the  
 State of Delaware and is engaged in the United States in the manu-  
 facture of aircraft; and

WHEREAS, pursuant to a purchase agreement designated as  
 Agreement No. 38 dated May 31, 1960, between El Al and Boeing, El Al  
 purchased from Boeing two (2) Boeing Model 707 aircraft (exclusive  
 of engines), changes to aircraft as provided for therein and related  
 spare parts; and

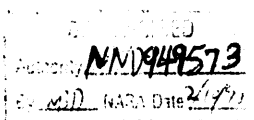
WHEREAS, El Al and Boeing under date of January 19, 1961,  
 entered into a Supplemental Agreement No. 1 to Purchase Agreement  
 No. 38 dated May 31, 1960, covering the purchase from Boeing by

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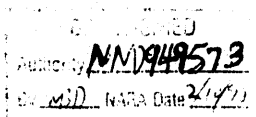
El Al of one (1) additional Boeing Model 707 aircraft (exclusive of engines), changes to such aircraft as provided for therein and related spare parts of United States manufacture and El Al has made or will make arrangements with other United States suppliers for the purchase of other spare parts and ground support equipment of United States manufacture for use in connection with said aircraft (hereinafter all of the foregoing equipment shall collectively be called "equipment" and Boeing or any of the other suppliers shall sometimes be referred to as "supplier" and collectively as "suppliers"); and

WHEREAS, the aggregate purchase price of the equipment (hereinafter called "purchase price of the equipment") is equal to approximately Five Million Three Hundred Sixty Thousand Dollars (\$5,360,000); and

WHEREAS, the basic price of the aircraft included in the equipment is Four Million Eight Hundred Twenty-Five Thousand Eight Hundred Seventy-One Dollars (\$4,825,871) and El Al has agreed to pay with respect to said basic price prior to the delivery of said aircraft One Million Five Hundred Ninety-Two Thousand Five Hundred Thirty-Seven Dollars and Forty-Three Cents (\$1,592,537.43) or approximately thirty-three per cent (33%) of such basic price; and

WHEREAS, El Al and Boeing have agreed that, to the extent of Six Hundred Twenty-Seven Thousand Three Hundred Sixty-Three Dollars and Twenty-Three Cents (\$627,363.23) the requirement for the aforesaid predelivery payments may be satisfied by Boeing extending credit to



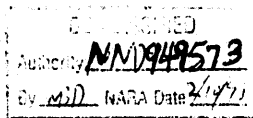


El Al for fifteen per cent (15%) of such sum provided that Eximbank will extend credit for eighty-five per cent (85%) thereof; and

WHEREAS, El Al has agreed to make other cash payments with respect to the purchase price of the equipment in the amount of One Hundred Six Thousand Eight Hundred Twenty-Five Dollars and Eighty Cents (\$106,825.80) so that the cash payments to be made with respect to the purchase price of the equipment shall aggregate approximately One Million Seventy-Two Thousand Dollars (\$1,072,000) which is approximately twenty per cent (20%) of the purchase price of the equipment; and

WHEREAS, there remains to be financed the purchase price of the equipment less the aforesaid cash payments of One Million Seventy-Two Thousand Dollars (\$1,072,000) made or to be made thereon by El Al, that is, Four Million Two Hundred Eighty-Eight Thousand Dollars (\$4,288,000) or approximately eighty per cent (80%) of the purchase price of the equipment (hereinafter the foregoing sum shall be called "financed portion of the purchase price of the equipment"); and

WHEREAS, El Al and Boeing have requested Eximbank to assist in financing the purchase of the equipment to the extent of eighty-five per cent (85%) of the financed portion of the purchase price of the equipment but not exceeding in aggregate Three Million Six Hundred Forty-Four Thousand Eight Hundred Dollars (\$3,644,800); and



WHEREAS, Boeing has agreed to participate in the financing to the extent of the balance of the financed portion of the purchase price of the equipment but not exceeding in aggregate Six Hundred Forty-Three Thousand Two Hundred Dollars (\$643,200); and

WHEREAS, The State of Israel (hereinafter called "Israel") is being requested to guarantee the obligations to be issued by El Al to evidence its indebtedness to Eximbank and Boeing; and

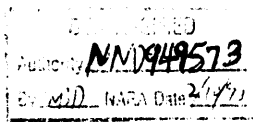
WHEREAS, the extension of financial assistance for the aforesaid purpose will facilitate exports and imports and the exchange of commodities between the United States and Israel;

NOW, THEREFORE, In consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

#### ARTICLE I

##### Establishment of Credit

A. Eximbank hereby establishes in favor of El Al upon the terms and conditions herein set forth a credit of Three Million Six Hundred Forty-Four Thousand Eight Hundred Dollars (\$3,644,800) against which Eximbank acting independently or through the agency of one or more United States commercial banks will make advances with respect to the delivery by a supplier to El Al for exportation to Israel or to a depot elsewhere maintained



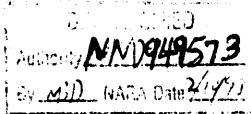
by El Al or by any airline with which El Al has a working arrangement of any item of the equipment, provided that the aggregate of such advances shall not exceed eighty-five per cent (85%) of the financed portion of the purchase price of the equipment.

B. Boeing hereby agrees to extend credit in favor of El Al upon the terms and conditions hereinafter set forth in an amount not to exceed Six Hundred Forty-Three Thousand Two Hundred Dollars (\$643,200) to assist in financing any item of the equipment, provided the aggregate of such financing shall not exceed fifteen per cent (15%) of the financed portion of the purchase price of the equipment.

## ARTICLE II

### Submission of Contracts

Prior to the first utilization of credit hereunder El Al shall submit to Eximbank for its approval (i) a conformed copy of the contract between El Al and Boeing providing for the purchase of those items of the equipment to be furnished by Boeing, and (ii) a list of the other actual and prospective suppliers and descriptions and prices of the items to be supplied by them. The foregoing data shall set forth the terms and conditions of delivery. If El Al shall make any changes in any of the items appearing on the foregoing list subsequent to the first utilization of credit, El Al shall promptly amend such list to reflect such changes.



### ARTICLE III

#### Cash Payment

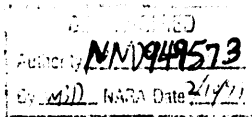
El Al shall pay for One Million Seventy-Two Thousand Dollars (\$1,072,000) of the purchase price of the equipment from its own resources.

Prior to the first utilization of credit hereunder, El Al shall present evidence to Eximbank that it has made cash payments to Boeing with respect to the aircraft included in the equipment equal to not less than Nine Hundred Sixty-Five Thousand One Hundred Seventy-Four Dollars and Twenty Cents (\$965,174.20). Prior to each utilization of credit hereunder except under Article V hereof, El Al shall present evidence to Eximbank that it has made a cash payment of not less than twenty per cent (20%) with respect to each item of the equipment being financed by each such utilization of credit.

### ARTICLE IV

#### Terms of Repayment - Promissory Note

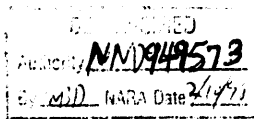
El Al hereby undertakes and agrees to repay the amount advanced by Eximbank hereunder and any amounts owing to Boeing by reason of its extension of credit hereunder in fourteen (14) approximately equal successive semiannual installments commencing September 30, 1962, and to pay interest on the amounts outstanding at the rate of five and three-quarters per cent (5-3/4%) per annum payable



on March 31 and September 30 of each year commencing on the first of these dates subsequent to the first advance and extension of credit, such interest to be computed on the basis of the actual number of days using a 365-day factor.

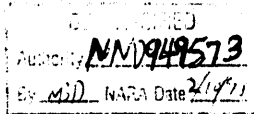
El Al's obligation to Eximbank in connection with each advance hereunder and to Boeing in connection with each extension of credit by Boeing hereunder shall further be evidenced by a promissory note of El Al in the principal amount of Four Million Two Hundred Eighty-Eight Thousand Dollars (\$4,288,000) issued to Eximbank prior to any advance and extension of credit. The promissory note of El Al shall be payable to the order of Eximbank in fourteen (14) approximately equal successive semiannual installments, the first of which shall be due and payable on September 30, 1962, and shall bear interest at the rate of five and three-quarters per cent (5-3/4%) per annum on the unpaid balance thereof from time to time outstanding payable March 31 and September 30 of each year commencing on the first of these dates subsequent to the date of the note. The note shall bear the unconditional guaranty as to principal and interest of Israel.

The note shall be in the English language, shall be dated not later than its date of issue and shall be payable in lawful money of the United States at a commercial bank in the United States designated by El Al and satisfactory to Eximbank. The note shall be printed or lithographed in form and substance satisfactory to Eximbank on one side of one sheet of safety paper and substantially in the form of Exhibit "A" attached hereto.



Although the note shall bear interest from its date, appropriate adjustments will be made so that interest computed only from the dates of the respective advances and extensions of credit against the note shall be collected.

If, on the date specified in Article IX terminating the availability of credit hereunder for making advances and extensions of credit the aggregate of such advances and extensions of credit on the note evidencing such advances and extensions of credit is less than the principal amount of such note, an exchange of notes will be made at the request of any party to this Agreement communicated to the other parties within thirty (30) days after the aforesaid date. Upon such request and within sixty (60) days after the aforesaid availability date, El Al shall issue and deliver to Eximbank in exchange for the note then held by it evidencing advances by Eximbank and extensions of credit by Boeing hereunder another promissory note in the aggregate amount of such advances and extensions of credit. The new note given in exchange shall otherwise conform to the requirements of this Article IV. El Al shall pay to Eximbank at the time of any exchange of notes, all interest which shall have accrued on the note surrendered to the date of the new note given in exchange. If a timely request for an exchange of notes is not made the excess principal amount on the note shall be credited in payment of the installments thereon in the inverse order of their maturities.

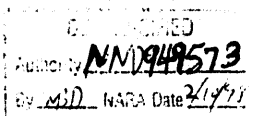


Except as provided in Article XVII prepayments on the indebtedness of El Al hereunder and any note or notes evidencing such indebtedness may be made at any time but must be accompanied by payments of interest on the amount prepaid to the date of prepayment and will be applied to the satisfaction of installments in the inverse order of their maturities.

#### ARTICLE V

##### Revolving Fund

When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank will upon receipt of a request from El Al deposit to the account of El Al at a commercial bank in the United States designated by El Al an amount up to Seventy-Five Thousand Dollars (\$75,000). This sum will constitute a fund (hereinafter referred to as the "Revolving Fund") which, as thus established and as it may be reimbursed from time to time thereafter as provided in Article VI, shall be used by El Al exclusively for the purpose of financing United States dollar expenditures for the purchase price of any item of the equipment other than the additional aircraft. It shall be understood that the amount thus deposited by Eximbank shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such deposit and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such deposit, that



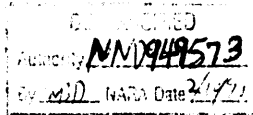
the request by El Al for such deposit shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of such deposit. It shall also be understood that as a condition to such deposit Eximbank shall have received from Boeing the fifteen per cent (15%) portion of such deposit, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such deposit. At such time as a deposit to the account of El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such deposit.

#### ARTICLE VI

##### Reimbursement of Revolving Fund

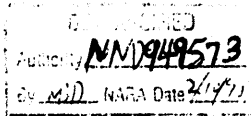
From time to time after Eximbank has made the deposit provided for in Article V and as the Revolving Fund thus established may require reimbursement for the purpose of financing additional United States dollar expenditures for the purchase price of any item of the equipment other than the additional aircraft, Eximbank will make further disbursements to restore the balance of the Revolving Fund upon the request of El Al supported by such details





as Eximbank may require on the basis of expenditures previously made by El Al on account of the purchase price of any item of the equipment other than the additional aircraft. Such further disbursements shall not exceed in aggregate when added to advances pursuant to Article VII hereof and to the total amount of letters of credit with respect to which Eximbank has issued its commitment pursuant to Article VIII hereof, Four Million Two Hundred Eighty-Eight Thousand Dollars (\$4,288,000) less the amount of the deposit under Article V.

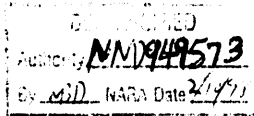
It shall be understood that each such disbursement shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such disbursement and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such disbursement, that each request by El Al for each such disbursement shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of each such disbursement by Eximbank to El Al. It shall also be understood that as a condition to each disbursement, Eximbank shall have received from Boeing fifteen per cent (15%) of the amount of such disbursement, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such disbursement. At



such time as a disbursement to the account of El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such disbursement.

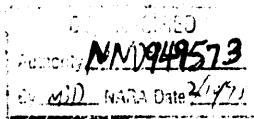
Each such disbursement by Eximbank to El Al shall be made upon receipt of the following in form and substance satisfactory to Eximbank:

- (a) The written request of El Al for a disbursement in an amount not in excess of eighty per cent (80%) of the accumulated total of the expenditures shown in the itemized statement required by subparagraph (b) hereof and a request that such disbursement shall be constituted to the extent of eighty-five per cent (85%) thereof by an advance by Eximbank against its credit herein established and to the extent of fifteen per cent (15%) thereof by an extension of credit by Boeing hereunder.
- (b) An itemized statement of expenditures by El Al describing the items of the equipment purchased by El Al not reported in any previous statement together with the cost thereof, the date of order and payment and the names and addresses of the United States suppliers of such items of the equipment. Such statement shall be accompanied by copies of receipted invoices or other documentary evidence



showing purchase of and payment for items listed in the statement together with non-negotiable copies of ocean bills of lading or other documentation evidencing either delivery of such items to (i) Boeing for incorporation in the aircraft or for exportation in such aircraft, or (ii) El Al's maintenance base in New York, New York, or (iii) a depot elsewhere maintained by El Al or by any airline with which El Al has a working arrangement.

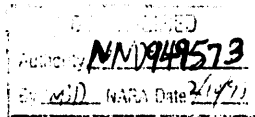
- (c) A certificate of El Al stating that it has paid for the items listed in the itemized statement required by subparagraph (b) hereof, the exact amount set forth in said statement and that such amounts take into account all discounts, allowances, rebates or other payments received or to be received in connection with the acquisition of said items.
- (d) A certificate of each supplier of each item of the equipment listed in the itemized statement required by subparagraph (b) hereof that the item or items supplied by it are of United States manufacture or origin and that it has not except as stated in said certificate granted or paid, agreed to grant or pay, or caused to be granted or paid to any person or other entity (except the supplier's regular full-time



directors, officer and employees and, if the supplier is Boeing, its counsel, to the extent of their regular remuneration) any discount, allowance, rebate, commission, fee or other payment in connection with the sale of or for obtaining the contract to sell said item or items.

- (e) Such additional documents and information relative to the foregoing as Eximbank may from time to time reasonably request.

Within twenty-five (25) days following the date specified in Article IX terminating the availability of credit hereunder, El Al shall submit to Eximbank an itemized statement of expenditures as provided in subparagraph (a) and certificates relative thereto as provided in subparagraphs (b), (c) and (d) with respect to all expenditures which have been made from the Revolving Fund and which have not been reported in any previous itemized statement. If the expenditures so reported, together with the expenditures reported in previous itemized statements, do not equal the total of the amounts disbursed by Eximbank to establish or reimburse the Revolving Fund, El Al shall promptly pay over to Eximbank an amount equal to the difference, plus the requisite interest, to be applied as a prepayment on the promissory note as provided in Article IV.

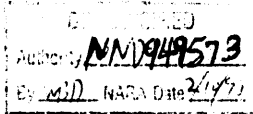


## ARTICLE VII

Advances - Predelivery Payments

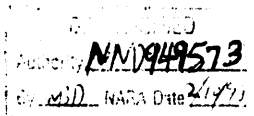
When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank, at the request of El Al and upon presentation by El Al of an invoice from Boeing indicating a predelivery payment due in excess of twenty per cent (20%) of the basic price of the additional aircraft included in the equipment under the above-mentioned Supplemental Agreement No. 1 dated January 19, 1961, to the Purchase Agreement No. 38 dated May 31, 1960, between El Al and Boeing, will pay to Boeing eighty-five per cent (85%) of the part of such excess not previously financed hereunder. The invoice shall show the amount theretofore paid by El Al, the amount due upon presentation of the invoice and such other information as Eximbank may reasonably request.

It shall be understood that each such payment shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such invoice and an extension of credit by Boeing to the extent of fifteen per cent (15%) of such invoice, that each request by El Al for such payment shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of such invoice.



When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank also will, at the request of El Al and upon presentation by El Al of a receipted invoice from Boeing indicating predelivery payment made by El Al in excess of twenty per cent (20%) of the basic price of the additional aircraft included in the equipment under the above-mentioned Supplemental Agreement No. 1 dated January 19, 1961, to the Purchase Agreement No. 38 dated May 31, 1960, between El Al and Boeing, make a disbursement to El Al for the part of such excess not previously financed hereunder. The invoice shall show the amount theretofore paid by El Al, the amount due upon presentation of the invoice and such other information as Eximbank may reasonably request.

It shall be understood that each such disbursement shall constitute an advance by Eximbank against its credit herein established to the extent of eighty-five per cent (85%) of such disbursement and an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such disbursement, that each request by El Al for each such disbursement shall constitute a request for an advance by Eximbank against its credit herein established and for an extension of credit by Boeing hereunder in the foregoing respective percentages, and that Boeing gives Eximbank herewith its irrevocable consent to extending Boeing's credit hereunder to the extent of fifteen per cent (15%) of each such disbursement by Eximbank to El Al. It shall also be understood that as a condition to each disbursement, Eximbank shall have received from Boeing fifteen

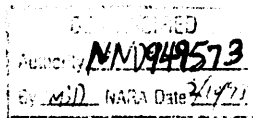


per cent (15%) of the amount of such disbursement, said fifteen per cent (15%) representing the amount of credit to be extended by Boeing in connection with such disbursement. At such time as a disbursement to the account of El Al is to be made hereunder, Eximbank shall forthwith notify Boeing thereof and Boeing shall promptly pay to Eximbank said fifteen per cent (15%) portion of such disbursement.

#### ARTICLE VIII

##### Advances - Letters of Credit

When all conditions to the first utilization of credit hereunder have been fulfilled, Eximbank will, at the request of El Al, issue its undertaking to reimburse funds to a United States commercial bank satisfactory to Eximbank and Boeing in connection with a letter of credit which is to be issued with the approval of Eximbank by said commercial bank in favor of Boeing and which is to provide for payment to Boeing upon delivery of the additional aircraft included in the equipment, of not to exceed eighty-five per cent (85%) of that portion of the purchase price of such aircraft which has not previously been paid in cash by El Al or financed hereunder. It shall be understood that each cash drawing under the letter of credit by Boeing to the extent of eighty-five per cent (85%) of that portion of the purchase price of such additional aircraft which has not previously been paid in cash by El Al or financed hereunder shall constitute an advance by Eximbank against its credit



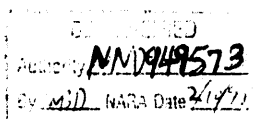
hereunder and shall also constitute an extension of credit by Boeing hereunder to the extent of fifteen per cent (15%) of such portion of the purchase price and that such advance and extension of credit shall be charged against the note of El Al hereunder.

It shall also be understood (i) that such undertaking by Eximbank shall constitute a pre-emptive commitment of Eximbank's credit hereunder; (ii) that interest on advances against Eximbank's credit hereunder and on the corresponding extensions of credit by Boeing hereunder will accrue from the date of the cash drawing under the letter of credit; and (iii) that in making payments to the commercial bank pursuant to its undertaking, Eximbank shall in no way be liable for acts or omissions of said bank in connection with the issuance of, or payments to the beneficiary of, such letter of credit.

Eximbank will at the request of El Al issue an undertaking as aforesaid upon receipt of the following in form and substance satisfactory to it:

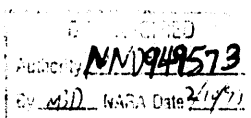
- (a) A request signed by an authorized representative of El Al identifying the aircraft the purchase of which is to be financed through the proposed letter of credit and authorizing Eximbank to issue the aforesaid undertaking with respect thereto. Such request shall be accompanied by a certificate signed by an authorized representative of El Al certifying that El Al has not received or agreed to receive any





discount, allowance, rebate or other payment in connection with the acquisition of such items, except discounts, allowances, rebates or other payments, if any, as will be taken into account in the invoices presented in support of drawings under said letter of credit.

- (b) Three (3) copies of the proposed letter of credit complete in all respects except as to date and signature and expiring by its terms not later than July 31, 1962, unless Eximbank and Boeing shall consent jointly otherwise in writing. Said letter of credit shall contain conditions satisfactory to Eximbank and El Al among which shall be that Boeing must submit to the issuing bank (i) evidence that El Al has received delivery of the additional aircraft, and (ii) a certificate of Boeing with respect to the aircraft covered by the letter of credit certifying (x) that such aircraft supplied by it is of United States manufacture or origin and (y) that it has not, except as stated in said certificate, granted or paid, agreed to grant or pay, or caused to be granted or paid to any person or other entity (except Boeing's regular full-time directors, officers, employees and counsel to the extent of their remuneration) any discount, allowance, rebate,



commission, fee or other payment in connection with the sale of, or for obtaining the contract to sell, said item.

- (c) Such other documents relative to the foregoing as Eximbank may reasonably request.

#### ARTICLE IX

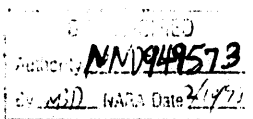
##### Availability of Credit

Advances shall not be made by Eximbank hereunder or credit extended by Boeing hereunder subsequent to August 31, 1962, unless and to the extent that in either case Eximbank and Boeing may give their joint written consent thereto.

#### ARTICLE X

##### Assignment of Indebtedness

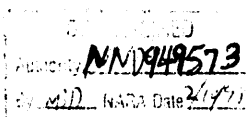
It is understood and agreed that at any time Eximbank or Boeing may sell, transfer, negotiate, grant participations in or otherwise dispose of all or any portion of either the indebtedness of El Al resulting hereunder or of any promissory note evidencing such indebtedness, provided that prior to any such disposition by either Eximbank or Boeing the party intending to make such disposition will give written notice to the other two parties to this Agreement and in so far as feasible, Eximbank or Boeing as the case may be shall consult with El Al or its agents as to the manner of such disposition.



## ARTICLE XI

Exchange of Notes

Upon the request of Eximbank at any time or from time to time not earlier than ninety (90) days after the dated specified in Article IX terminating the availability of credit, El Al shall issue and deliver to Eximbank a new promissory note or notes in exchange for any promissory note or notes theretofore issued to Eximbank to evidence advances by Eximbank and extensions of credit by Boeing pursuant to this Agreement. The new promissory note or notes shall be dated so that no gain or loss of interest or acceleration or delay of interest payments will result. The aggregate principal amount of the new promissory note or notes issued at any time shall be equal to the aggregate of all outstanding advances against the note or notes surrendered in exchange therefor, and the new promissory note or notes shall be issued in such denomination as Eximbank may specify. If Eximbank shall so request, any new promissory note or notes issued pursuant hereto shall be so issued that all or any part of each installment of principal of any note surrendered or of all installments of principal of like maturity of any two or more notes surrendered shall be severally evidenced by such new promissory note or notes. The maturity date or dates of the principal, or installments of principal, of any such new promissory note shall be the same as the maturity date or dates of the unmatured installments of the note or notes surrendered in exchange



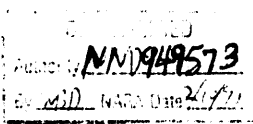
therefor. Each new promissory note issued pursuant hereto shall conform to the requirements of Article IV of this Agreement and shall be substantially in the form of Exhibit "A" attached hereto except for such changes as may be appropriate to accomplish any of the purposes hereof. No new promissory note to be issued hereunder shall be in a principal amount of less than One Hundred Thousand Dollars (\$100,000).

#### ARTICLE XII

##### Equality of Indebtedness and Participation by Boeing

El Al, Boeing and Eximbank covenant that the terms of the indebtedness of El Al in favor of Eximbank hereunder and any note or notes evidencing such indebtedness and the terms of the indebtedness of El Al in favor of Boeing hereunder and any note or notes evidencing such indebtedness shall at all times be pari passu in all respects. Without in any way limiting the scope of the previous sentence, each covenants that it will not enter into any arrangement, without the consent of the others, (i) varying any of the terms of such indebtedness or any promissory note or notes evidencing it, (ii) resulting in payments to either Eximbank or Boeing, without rateable payment to the other, and (iii) securing either Eximbank or Boeing without rateably securing the other.

Eximbank hereby grants to Boeing a participation in each note or notes evidencing the indebtedness of El Al hereunder. Such



participation with respect to any such note shall be in an amount equal to that percentage of the principal thereof which the total amount of extension of credit by Boeing hereunder bears to the aggregate of said total amount and the total amount of advances by Eximbank hereunder. Promptly following receipt by Eximbank of any payment of principal, interest or other charge in respect of any such note or pursuant to this Agreement, Eximbank will credit to Boeing's account at a commercial bank in the United States designated by Boeing, Boeing's pro rata share of any such payment.

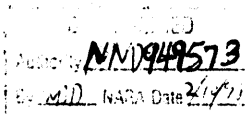
#### ARTICLE XIII

##### Representations and Warranties

EI Al represents and warrants:

A. That it is a corporation duly organized and existing under the laws of Israel with full power, authority, and legal right to enter into this Agreement, to incur the obligations and indebtedness herein provided for, and to execute and deliver the promissory notes to be issued hereunder and that it has taken all necessary corporate and legal action to authorize the execution and issuance of the notes required hereunder.

B. That there are no charter or by-law provisions of EI Al and no provisions of any existing mortgage, indenture, franchise, concession, or agreement binding on EI Al which would be contravened by the execution, delivery or performance of this Agreement, or of the promissory notes required hereunder.



C. That the properties and assets of El Al are not subject to any mortgages, liens, pledges, hypothecations or encumbrances, other than as described in the submission of El Al and Boeing to Eximbank dated March 7, 1961, with respect to the financing provided hereunder and other information submitted in connection therewith prior to the date hereof.

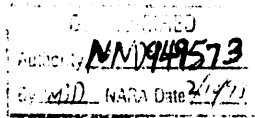
D. Since March 7, 1961, there have been no changes in the assets or liabilities or financial condition of El Al from those set forth in the submission of El Al and Boeing to Eximbank dated March 7, 1961, with respect to the financing provided hereunder other than changes in the ordinary course of business or disclosed to Eximbank and Boeing in writing prior to the date hereof and such changes have had no material adverse effect on the business or financial condition of El Al.

E. That there are no legal proceedings pending or so far as is known to El Al threatened before any court or administrative agency of any country which could materially and adversely affect the financial condition, the business or the operations of El Al.

#### ARTICLE XIV

##### Information to be Furnished

So long as any indebtedness of El Al resulting hereunder including any promissory note evidencing such indebtedness remains unpaid, El Al shall furnish to Eximbank or Boeing or both within thirty (30) days of the close of each semiannual fiscal period, financial statements covering such period including balance sheets and income



statements. In addition, as soon after the close of each annual fiscal period as independently audited financial statements may become available, El Al shall furnish Eximbank copies of such independently audited statements, including balance sheets and income statements, covering such annual fiscal period together with a description of and report on El Al's operations during such period. El Al shall also furnish Eximbank, or Boeing or both such reports and information relating to El Al's financial condition and operations as Eximbank or Boeing may reasonably request.

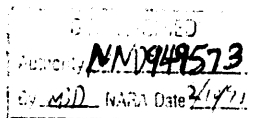
#### ARTICLE XV

##### Financial Covenants

El Al covenants and agrees with Eximbank and Boeing that so long as any indebtedness of El Al resulting hereunder including any promissory note evidencing such indebtedness remains unpaid, and except to the extent that Eximbank and Boeing may otherwise jointly agree in writing:

A. Except as permitted in subparagraph B below, El Al will not enter into any arrangements with respect to any indebtedness currently outstanding or hereafter incurred which arrangements would have the effect of placing any creditor in a position of preference over Eximbank and Boeing with respect to the availability of the assets of El Al for the satisfaction of its indebtedness to Eximbank and Boeing.

B. El Al will not create nor suffer to exist any lien, assignment, encumbrance, or other priority with respect to its properties or

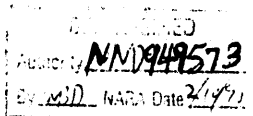


revenues as security for any debt or obligation of El Al other than (i) liens incurred in the ordinary course of business which arise from obligations not overdue or which do not secure any indebtedness for money borrowed; (ii) liens on equipment or materials securing the purchase price thereof; and (iii) liens which are disclosed in the submission of El Al and Boeing to Eximbank dated March 7, 1961, with respect to the financing provided hereunder or in other information submitted in connection therewith prior to the date hereof.

C. El Al will use its best efforts to maintain, preserve and keep in full force and effect its permanent and temporary franchises, concessions and licenses from Israel and its rights, permits, franchises, licenses and concessions from foreign governments or authorities, and use its best efforts, from time to time, to obtain appropriate renewal or replacement thereof; provided that nothing in this clause C shall prevent El Al from abandoning, or permitting the amendment, expiration or termination of any such franchise, license or concession or from the obtaining of new or additional franchises, licenses or concessions if such abandonment, amendment, expiration, termination or obtaining of new franchises, licenses or concessions is not prejudicial in any material respect to the rights of Eximbank or Boeing hereunder and, in the opinion of El Al, is in the business interest of El Al.

D. El Al will not sell the additional aircraft included in the equipment and will not lease or otherwise transfer said aircraft for a period or periods in excess of six (6) consecutive months in any calendar year.

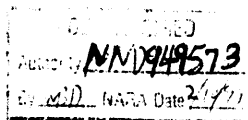




## ARTICLE XVI

### Insurance

El Al covenants and agrees with Boeing and Eximbank that it will maintain insurance upon the additional aircraft included in the equipment under a contract of All-Risk Hull insurance satisfactory to Boeing and Eximbank so long as any indebtedness of El Al resulting hereunder including any promissory note issued hereunder evidencing such indebtedness remains unpaid in whole or in part. The insurance shall be payable in United States dollars in the United States. The amount of the insurance, including deductible clauses, shall be in accordance with normal practices in the airline industry but in no event shall the total of the insurance for such additional aircraft be less than eighty-five per cent (85%) of the indebtedness of El Al from time to time outstanding hereunder including the unpaid portion of any promissory note evidencing such indebtedness. In the event of damage to the additional aircraft included in the equipment, except total loss or constructive total loss, which damage is compensable under the insurance, El Al shall promptly upon receipt of the proceeds of such insurance apply the proceeds of such insurance to the repair of such aircraft. In the event of total loss or constructive total loss of the additional aircraft included in the equipment, which total or constructive total loss is compensable under the insurance, El Al shall promptly upon receipt of the proceeds of such insurance, at its

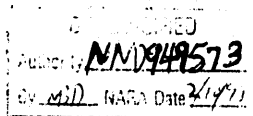


option, either (i) apply the proceeds of such insurance to the replacement of such aircraft, or (ii) apply the proceeds of such insurance, or so much of the proceeds as may be necessary, to satisfy the unpaid balance of El Al's indebtedness resulting hereunder and any promissory note evidencing such indebtedness. Within sixty (60) days after such total loss or constructive total loss of the additional aircraft, El Al shall advise Eximbank and Boeing in writing which of the foregoing options it has elected.

#### ARTICLE XVII

##### Sale of Aircraft

In the event that Eximbank and Boeing shall give their joint written consent to a sale of the additional aircraft included in the equipment and pursuant to such consent such aircraft shall be sold prior to payment in full of the indebtedness of El Al resulting hereunder and any promissory note evidencing such indebtedness, El Al shall notify Eximbank and Boeing thereof and shall pay over forthwith to the holders of any such indebtedness and note in United States dollars the proceeds of any such sale, or so much of the proceeds as may be necessary to satisfy the unpaid balance of the indebtedness of El Al resulting hereunder and any promissory note evidencing such indebtedness, whichever is less. The proceeds of any such sale thus paid over by El Al shall be applied to produce a proportionately equal reduction in each installment of the then outstanding principal balance of the indebtedness of El Al hereunder and any note evidencing such indebtedness.

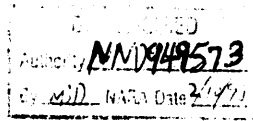


ARTICLE XVIII

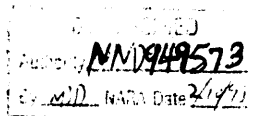
Special Representations,  
Warranties and Covenants

A. El Al represents and warrants that no director, officer, employee, agent, attorney or consultant of El Al who performed services in connection with the establishment by Eximbank of its credit hereunder was a director, officer or employee of Eximbank at any time during the period of one year prior to August 24, 1961 (the date on which the establishment of its credit was authorized by Eximbank), and covenants that during the period of two years after said date, it will not employ or enter into any understanding to employ any person (i) who was a director, officer or employee of Eximbank at any time during the period of one year prior to said date or (ii) who is a director, officer or employee of Eximbank at the time of such employment or understanding to employ, unless in either case such employment is approved in writing by Eximbank after full disclosure to it of all facts in connection therewith which it deems to be relevant.

B. El Al represents and warrants that it has not paid, agreed to pay, or caused to be paid, and covenants that it will not pay, agree to pay, or cause to be paid to any person or other entity (except El Al's regular full-time directors, officers and employees to the extent of their regular remuneration) any commission, fee or other payment in connection with the establishment or operation of the credit, except reasonable compensation satisfactory



to Eximbank for bona fide professional, technical or other comparable services incident to presenting the merits of the application to Eximbank for Eximbank's credit hereunder or to the operation of such credit. El Al covenants that, as a condition precedent to the first utilization of credit hereunder, it will certify to Eximbank the name and address of each payee or intended payee of any such commission, fee or other payment, together with a statement of the services rendered or to be rendered and the amount received or to be received by each; or, if such be the case, that there is no such payee or intended payee. Thereafter, El Al shall submit a similar certificate (i) within ten (10) days after it shall have paid, agreed to pay or caused to be paid any other commission, fee or other payment referred to above and (ii) within ten (10) days after the final date specified in Article IX terminating the availability of credit or after the date on which all credit hereunder shall have been fully utilized, whichever is earlier. Each certificate shall be accompanied by the verification of each payee or intended payee named therein of the amount of commission, fee or other payment referred to above received or to be received by him, together with his agreement to accept such reduction therein as may be necessary to make such amount satisfactory to Eximbank. In the event that the amount of such commission, fee or other payment is deemed unreasonable by Eximbank, El Al shall cause a reduction satisfactory to Eximbank to be made therein.

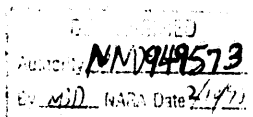


ARTICLE XIX

Events of Default

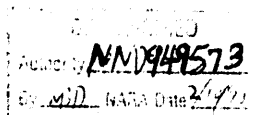
Upon the occurrence of any of the following events,  
herein referred to as "Events of Default":

- A. If any representation or warranty made in this Agreement by El Al proves to be incorrect in any material respect; or
- B. If El Al fails to pay when due any installment of principal or interest due on the indebtedness of El Al in favor of Eximbank or Boeing hereunder or on any promissory note evidencing such indebtedness or fails to pay (or make funds available for the payment of) when due, whether at maturity, by acceleration or otherwise, the principal or interest on any other security evidencing an obligation for the payment of borrowed money or on any bank overdraft; or
- C. If El Al fails to comply with any other term, covenant or condition herein and such failure remains unremedied for a period of thirty (30) days after written notice thereof has been given to El Al by Eximbank or by Boeing; or
- D. If El Al makes an assignment for the benefit of creditors; files a petition in bankruptcy; is adjudicated insolvent or bankrupt; petitions or applies to any



tribunal for any receiver, trustee or similar officer appointed by any court or executive department to liquidate or conserve El Al or any substantial part of its property; commences any proceeding relating to El Al under any insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction either now or hereafter in effect; or if there is commenced against El Al any such proceeding which remains undismissed or unstayed on appeal for a period of sixty (60) days or El Al by any act indicates its consent to approval of or acquiescence in any such proceeding for the appointment of any receiver, trustee or similar officer to liquidate or conserve El Al or any substantial part of its property, or suffers any such receivership or trusteeship to continue undischarged or unstayed on appeal for a period of sixty (60) days;

then and in any such Event of Default, Eximbank or Boeing with the consent of Eximbank shall have the right to make due and payable the entire unpaid principal of any indebtedness due hereunder and any promissory note evidencing such indebtedness, together in each case with accrued interest thereon to the date of payment, upon notice delivered to El Al and any security which may exist with respect to such indebtedness or promissory note shall upon such declaration become enforceable.



## ARTICLE XX

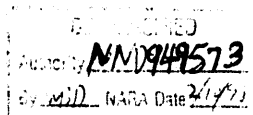
### Taxes

Any taxes, duties, fees or other charges levied or imposed by the Government of Israel or any political subdivision or taxing authority thereof on the principal or interest of the indebtedness resulting hereunder or any promissory note issued by El Al hereunder evidencing such indebtedness which are paid by Eximbank or Boeing by deduction or otherwise shall be for the account of El Al which shall reimburse Eximbank or Boeing in United States dollars upon demand for any such amounts paid by Eximbank or Boeing.

## ARTICLE XXI

### Marine Transportation

Any item of the equipment, the purchase of which is financed hereunder, if transported by ocean vessels to Israel shall be transported from the United States in vessels of United States registry as required by Public Resolution No. 17 of the 73rd Congress of the United States of America, except to the extent that a waiver of such requirement is obtained as provided in such Public Resolution.



## ARTICLE XXII

### Priorities, Permits and Licenses

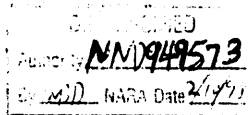
Eximbank and, except as otherwise provided in Supplemental Agreement No. 1 dated January 31, 1961, to Purchase Agreement No. 38 dated May 31, 1960, between Boeing and El Al, Boeing do not assume any obligation or responsibility for the issuance by any agency or department of the Government of the United States of any priority, allocation, permit or license which may be required under existing or future laws of the United States or any existing or future regulation of any agency or department of the United States which may be required to manufacture, produce, purchase, sell or export any item of the equipment which El Al may wish to purchase and finance hereunder.

## ARTICLE XXIII

### Expenses

El Al shall pay on demand reasonable out-of-pocket costs and expenses incurred by Eximbank or Boeing or both in connection with the operation of the credit and any costs and expenses, including legal fees, incurred by Eximbank or Boeing or both in connection with the enforcement of this Agreement or to effect the collection of any part of the principal or interest of the indebtedness resulting hereunder including any promissory note evidencing such indebtedness.

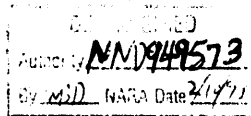




ARTICLE XXIV

Legal Opinions and Documents

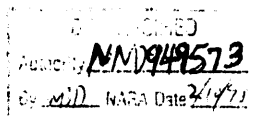
- A. As a condition precedent to the first utilization of the credit established hereunder, El Al shall furnish to Eximbank and Boeing, in form and substance satisfactory to Eximbank and Boeing, the following:
- (i) Evidence of the authority (w) of the person or persons who have signed this Agreement on behalf of El Al; (x) of the person or persons who will sign the promissory notes on behalf of El Al; (y) of the person or persons who will sign the guaranty of the promissory notes on behalf of Israel; and (z) of the person or persons who will represent El Al in connection with the signing of certificates and operations under this Agreement, together with the authenticated specimen signature, in duplicate, of each such person.
  - (ii) An opinion or opinions of counsel satisfactory to Boeing and Eximbank which shall demonstrate to the satisfaction of Boeing and the General Counsel of Eximbank or counsel designated by



him that (x) this Agreement as signed on behalf of El Al is legally binding upon El Al in accordance with its terms; (y) the promissory notes provided for hereunder when and as issued will constitute the valid and binding obligations of El Al in accordance with their terms; (z) the guaranties of payment of said notes by Israel when and as given will constitute the valid and binding obligations of Israel. Said opinions shall refer to all pertinent laws, decrees and documents.

B. Prior to the first utilization of credit hereunder, Boeing shall furnish the following in form and substance satisfactory to Eximbank and El Al:

- (i) Evidence of the authority (x) of the person or persons who will sign this Agreement on behalf of Boeing; (y) of the person or persons who will represent Boeing in connection with operations under this Agreement, together with the authenticated specimen signature, in duplicate, of each such person.
- (ii) An opinion or opinions of counsel satisfactory to Eximbank which shall demonstrate to the satisfaction of the General Counsel of Eximbank or counsel designated by him that this Agreement



- as signed on behalf of Boeing is legally binding upon Boeing in accordance with its terms.
- C. Boeing and El Al shall furnish Eximbank with such additional information, documents and opinions as Eximbank may from time to time reasonably request.

ARTICLE XXV

Communications

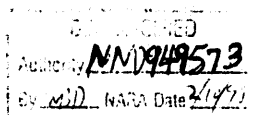
- A. All communications required or permitted hereunder shall be addressed to the parties hereto at the addresses set forth below, and shall be effective, except as otherwise provided in this Agreement, when mailed:

The Export-Import Bank of Washington  
Washington 25, D. C.

El Al Israel Airlines Ltd.  
Lod Airport, Israel

The Boeing Company  
Seattle 24, Washington

- B. All communications, evidence, reports, opinions, and other documents required or permitted hereunder, unless submitted in the English language, shall be accompanied by one English translation for each copy of such document required to be furnished.
- C. The English language rendition of this Agreement, communications, evidence, reports, opinions and



other documents required or permitted hereunder,  
shall govern in the event of any conflict, if any,  
with the Hebrew version thereof.

IN WITNESS WHEREOF, the parties hereto have caused this  
Agreement to be duly executed in three counterparts at Washington,  
District of Columbia, United States of America, as of the date first  
above written.

ATTEST:

EL AL ISRAEL AIRLINES LTD.

By \_\_\_\_\_

ATTEST:

THE BOEING COMPANY

By \_\_\_\_\_

EXPORT-IMPORT BANK OF WASHINGTON

By \_\_\_\_\_  
President

ATTEST for Export-Import Bank of  
Washington:

\_\_\_\_\_  
Secretary

#1751

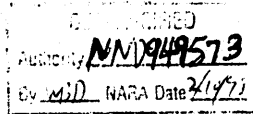


EXHIBIT "A"

EL AL ISRAEL AIRLINES LTD.

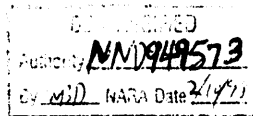
Promissory Note

Note No. \_\_\_\_\_

U. S. \$ \_\_\_\_\_, 196\_

FOR VALUE RECEIVED, El Al Israel Airlines Ltd., by this promissory note hereby promises to pay to the order of \_\_\_\_\_ at \_\_\_\_\_ the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), in installments as hereinafter provided and to pay interest, on the basis of a 365-day factor, from the date hereof on \_\_\_\_\_ and \_\_\_\_\_ of each year on the unpaid balance hereof from time to time outstanding, computed at the rate of five and three-quarters per cent (5-3/4%) per annum.

The principal hereof shall be paid in fourteen (14) successive installments, the first thirteen (13) of which shall be in the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), due and payable semiannually beginning on \_\_\_\_\_ and the fourteenth of which shall be in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) due and payable on \_\_\_\_\_.



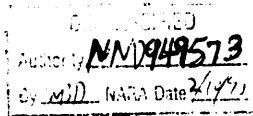
Both principal and interest are payable in lawful money of the United States of America, without deduction for or on account of any present or future taxes, duties or any other charges imposed or levied against this promissory note or the proceeds or holder hereof by or within the State of Israel or any political or taxing subdivision thereof.

The right is reserved to prepay on any interest payment date all or any part of the principal of this promissory note, without penalty or premium, any such prepayment to be applied to the installments of principal in the inverse order of their maturity.

This note was issued pursuant to a Credit Agreement between Export-Import Bank of Washington, The Boeing Company and El Al Israel Airlines Ltd. dated \_\_\_\_\_.

Upon default in the prompt and full payment of any installment of principal of or interest on this promissory note or any other promissory notes issued pursuant to the aforesaid Credit Agreement or pursuant to the Credit Agreement between Export-Import Bank of Washington, Boeing Airplane Company and El Al Israel Airlines Ltd. dated December 9, 1960, the entire unpaid principal of and interest on this note to the date of payment shall immediately become due and payable at the option and upon the demand of the holder hereof.

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The failure of the holder to exercise any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any other instance.

EL AL ISRAEL AIRLINES LTD.

By \_\_\_\_\_

G U A R A N T Y

FOR VALUE RECEIVED, the undersigned, The State of Israel, as primary obligor, hereby unconditionally guarantees the prompt payment of principal of and interest on the foregoing promissory note when and as due in accordance with the terms thereof and waives diligence, demand, presentment, protest or notice of any kind and any requirement that the holder exhaust any right or take any action against the maker of the foregoing promissory note and hereby consents to any extension of time of payment of the foregoing promissory note.

THE STATE OF ISRAEL

By \_\_\_\_\_

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REF. LOCATED AT THE NATIONAL ARCHIVES

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Authority

By

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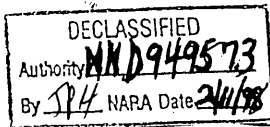
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**The Following Pages Are the Best  
Available.**



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L  
RNR

August 24, 1962

Sir:

I have the honor to refer to recent discussions regarding the claims against the Government of the People's Republic of Bulgaria for compensation for the deaths of Rachel Avram, Ora Cohen, Anna Hahn, Mary Katz, Anne Katz, Avraam M. Mann, Anna Sacks, Rene Sacks, and Debora Sacks, citizens of the United States, in the destruction of an El Al Israel airliner over Bulgarian territory on July 27, 1955.

According to evidence on file in the Department of State, each of the nine persons who lost their lives was survived by a spouse or next of kin or both who sustained losses and damages as a result of the death. The names of such survivors, their relationship to the decedents, and their ages and the ages of the

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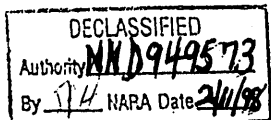
decedents on July 27, 1955, are as follows:

1. Rachel Avram, decedent, was the wife of Mendel Avram, the mother of Morrell Avram and the mother of Lilliana Avram, claimants. At the time of death of Rachel Avram she was 47 years of age, Mendel Avram was 53 years of age, Morrell Avram was 26 years of age and Lilliana Avram was 18 years of age.
  2. Ora Cohen, decedent, was the wife of Daniel B. Cohen, claimant. At the time of death of Ora Cohen she was 28 years of age and Daniel B. Cohen was 26 years of age.
  3. Anna
- Anna Hahn  
Mary Katz  
Anna Katz  
Avraam M. Mann  
Anna Sacks  
Rene Sacks  
Debora Sacks
- The Honorable  
Dr. Peter G. Voutov,  
Minister of the People's Republic of Bulgaria.

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KN 9844.72



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*1*  
*encluse to A-415 Tel Aviv*

A C C O R D

ENTRE L'ETAT D'ISRAEL ET LA REPUBLIQUE DU CONGO  
RELATIF AU TRANSPORT AERIEN

Le Gouvernement de l'Etat d'Israël  
et le Gouvernement de la République du Congo  
désireux de favoriser le développement des transports aériens  
entre l'Etat d'Israel et la République du Congo et de poursuivre dans  
la plus large mesure possible, la coopération internationale dans ce  
domaine;

désireux d'appliquer à ces transports les principes et les  
dispositions de la Convention relative à l'Aviation Civile Internationale  
signée à CHICAGO le 7 décembre 1944;

Sont convenus de ce qui suit :-

T I T R E I  
G E N E R A L I T E S

Article 1

Les Parties Contractantes s'accordent l'une à l'autre les droits  
spécifiés au présent Accord en vue de l'établissement des relations  
aériennes civiles internationales énumérées à l'Annexe ci-jointe.

Article 2

Pour l'application du présent Accord et de son Annexe :

1. le mot "territoire" s'entend tel qu'il est défini à l'article 2  
de la Convention relative à l'Aviation Civile Internationale.

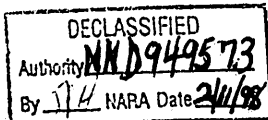
2. l'expression "Autorité Aéronautique" signifie:

en ce qui concerne l'Etat d'Israël, le Ministre des Transports  
et des Communications;

en ce qui concerne la République du Congo, le Ministre chargé de  
l'Aéronautique Civile.

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*FM 984a. 72/12-2162*  
*XR 97087Z*



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3. l'expression "Entreprise désignée" signifie l'entrepriso de transports aériens que les Autorités Aéronautiques d'une Partie Contractante auront nommément désignée comme étant l'instrument choisi par elles pour exploiter les droits à trafic prévus au présent Accord et qui aura été agréée par l'autre Partie Contractante conformément aux dispositions des articles 10, 11 et 13 ci-après.

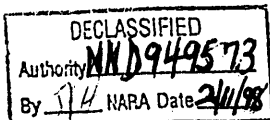
Article 3

1. Les aéronefs utilisés en trafic international par l'Entreprise de transports aériens désignée d'une Partie Contractante ainsi que leurs équipements normaux, leurs réserves de carburants et lubrifiants, leurs provisions de bord (y compris les denrées alimentaires, les boissons et tabacs) seront, à l'entrée sur le territoire de l'autre Partie Contractante, exonérés de tous droits de douane, frais d'inspection et d'autres droits ou taxes similaires, à condition que ces équipements et approvisionnements demeurent à bord des aéronefs jusqu'à leur réexportation.

2. Seront également exonérés de ces mêmes droits ou taxes à l'exception des redevances ou taxes représentatives de services rendu:

- a) Les provisions de bord de toute origine prises sur le territoire d'une Partie Contractante dans les limites fixées par les Autorités de ladite Partie Contractante et embarquées sur les aéronefs assurant un service international de l'autre Partie Contractante.
- b) Les pièces de rechange importées sur le territoire de l'une des Parties Contractantes pour l'entretien ou la réparation des aéronefs employés à la navigation internationale de l'Entreprise de transports aériens désignée de l'autre Partie Contractante.
- c) Les carburants et lubrifiants destinés à l'avitaillement des aéronefs exploités en trafic international par l'Entreprise de transport aérien de l'autre Partie Contractante même lorsque ces approvisionnements doivent être utilisés sur la partie du trajet effectuée au dessus du territoire de la Partie Contractante sur lequel ils ont été embarqués.

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3. Les équipements normaux de bord, ainsi que les matériels et approvisionnements se trouvant à bord des aéronefs d'une Partie Contractante ne pourront être déchargés sur le territoire de l'autre Partie Contractante qu'avec le consentement des autorités douanières de ce territoire. En ce cas, ils pourront être placés sous la surveillance desdites autorités jusqu'à ce qu'ils soient réexportés ou qu'ils aient fait l'objet d'une déclaration de douane.

#### Article 4

Los certificats de navigabilité, les brevets d'aptitude et les licences délivrés ou validés par l'une des Parties Contractantes, et non périmés, seront reconnus valables par l'autre Partie Contractante, aux fins d'exploitation des routes aériennes spécifiées à l'Annexe ci-jointe. Chaque Partie Contractante se réserve cependant le droit de ne pas reconnaître valables pour la circulation au-dessus de son propre territoire, les brevets d'aptitude et les licences délivrés à ses propres ressortissants par l'autre Partie Contractante.

#### Article 5

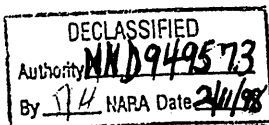
1. Les lois et règlements de chaque Partie Contractante relatifs à l'entrée et à la sortie de son territoire des aéronefs employés à la navigation internationale, ou relatifs à l'exploitation, et la navigation desdits aéronefs durant leur présence dans les limites de son territoire, s'appliqueront aux aéronefs de l'entreprise de l'autre Partie Contractante.

2. Les passagers, les équipages et les expéditeurs de marchandises seront tenus de se conformer soit personnellement, soit par l'intermédiaire d'un tiers agissant en leur nom et pour leur compte aux lois et règlements régissant, sur le territoire de chaque Partie Contractante, l'entrée, le séjour et la sortie des passagers, équipages et marchandises, tels que ceux qui s'appliquent à l'entrée, aux formalités de congé, à l'immigration, aux douanes et aux mesures découlant des règlements sanitaires.

#### Article 6

Chaque Partie Contractante pourra à tout moment demander une consultation entre les autorités compétentes des deux Parties Contractantes pour

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l'interprétation, l'application ou les modifications du présent Accord.

Cette consultation commencera au plus tard dans les soixante jours (60) à compter du jour de réception de la demande.

Les modifications qu'il aurait été décidé d'apporter à cet Accord entreront en vigueur après leur confirmation par un échange de notes par voie diplomatique.

#### Article 7

Chaque Partie Contractante pourra, à tout moment, notifier à l'autre Partie Contractante son désir de dénoncer le présent Accord. Une telle notification sera communiquée simultanément à l'Organisation de l'Aviation Civile Internationale. La dénonciation prendra effet un an après la date de réception de la notification par l'autre Partie Contractante, à moins que cette notification ne soit retirée d'un commun accord avant la fin de cette période. Au cas où la Partie Contractante qui recevrait une telle notification n'en accuserait pas réception, ladite notification serait tenue pour reçue quinze jours (15) après sa réception au siège de l'Organisation de l'Aviation Civile Internationale.

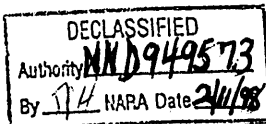
#### Article 8

1. Au cas où un différend relatif à l'interprétation ou l'application du présent Accord n'aurait pu être réglé conformément aux dispositions de l'article 6, soit entre les Autorités Aéronautiques, soit entre les Gouvernements des Parties Contractantes, il sera soumis sur demande d'une des Parties Contractantes, à un Tribunal arbitral.

2. Ce Tribunal sera composé de trois membres. Chacun des deux Gouvernements désignera un arbitre, ces deux arbitres se mettront d'accord sur la désignation d'un ressortissant d'un Etat tiers comme Président.

Si dans un délai de deux mois à dater du jour où l'un des deux Gouvernements a proposé le règlement arbitral du litige, les deux arbitres n'ont pas été désignés, ou si, dans le cours du mois suivant les arbitres ne se sont pas mis d'accord sur la désignation d'un Président, chaque Partie Contractante pourra demander au Président du Conseil de l'Organisation de l'Aviation Civile Internationale de procéder aux désignations nécessaires.

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3. Le Tribunal arbitral décide, s'il ne parvient pas à régler le différend à l'amiable, à la majorité des voix. Pour autant que les Parties Contractantes ne conviennent rien de contraire, il établit lui-même ses principes de procédure et détermine son siège.

4. Les Parties Contractantes s'engagent à se conformer aux mesures provisoires qui pourront être édictées au cours de l'instance ainsi qu'à la décision arbitrale, cette dernière étant dans tous les cas considérée comme définitive.

Si l'une des Parties Contractantes ne se conforme pas aux décisions des arbitres, l'autre Partie Contractante pourra, aussi longtemps que durera ce manquement, limiter, suspendre ou révoquer les droits ou privilèges qu'elle avait accordés en vertu du présent Accord à la Partie Contractante en défaut.

Chaque Partie Contractante supportera la rémunération de l'activité de son arbitre et la moitié de la rémunération du Président désigné.

## TITRE II

### SERVICES AGREES

#### Article 9

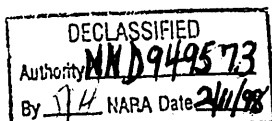
Le Gouvernement de l'Etat d'Israël accorde au Gouvernement de la République du Congo et réciproquement, le Gouvernement de la République du Congo accorde au Gouvernement de l'Etat d'Israël le droit de faire exploiter par l'entreprise aérienne désignée par chacun d'eux, les services aériens spécifiés au tableau de route figurant à l'Annexe du présent accord. Lesdits services seront dorénavant désignés par l'expression "Services agréés".

#### Article 10

1. Chaque Partie Contractante aura le droit de désigner par écrit à l'autre Partie Contractante une entreprise de transports aériens pour l'exploitation des services agréés sur les routes indiquées.

2. Les Autorités Aéronautiques de l'une des Parties Contractantes pourront exiger que l'entreprise de transports aériens désignée par

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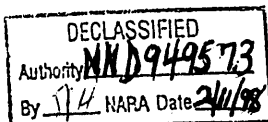
l'autre Partie Contractante fasse la preuve qu'elle est à même de satisfaire aux conditions prosrites, dans le domaine de l'exploitation des services aériens internationaux par les lois et règlements normalement et raisonnablement appliqués par losdites Autorités, conformément aux dispositions de la Convention relative à l'Aviation Civile Internationale.

Article 11

1. Chaque Partie Contractante aura le droit de ne pas accorder les autorisations d'exploitations prévues au paragraphe 2 de l'article 10 lorsque ladite Partie Contractante n'est pas convaincue qu'une part substantielle de la propriété et le contrôle effectif de cette entreprise appartiennent à la Partie Contractante qui a désignée l'entreprise ou à des ressortissants de celle-ci.
2. Avant de commencer l'exploitation des services agréés, les deux entreprises désignées s'entendront sur la date du début, la capacité et la fréquence de leurs services respectifs. Elles ne pourront commencer l'exploitation de ces services avant d'avoir obtenu l'accord de leurs Autorités Aéronautiques.
3. Chaque Partie Contractante aura le droit de révoquer une autorisation d'exploitation ou de suspendre l'exercice, par l'entreprise de transports aériens désignée par l'autre Partie Contractante, des droits spécifiés à l'article 9 du présent Accord lorsque:
  - a) elle ne sera pas convaincue qu'une part substantielle de la propriété et le contrôle effectif de cette entreprise appartiennent à la Partie Contractante qui a désigné l'entreprise ou à des ressortissants de celle-ci, ou que
  - b) cette entreprise ne sera pas conforme aux lois et règlements de la Partie Contractante qui a accordé ces droits ou que
  - c) cette entreprise n'exploitera pas dans les conditions prescrites par le présent accord.

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4. A moins que la révocation, la suspension ne soient nécessaires pour éviter de nouvelles infractions aux lois et règlements, un tel droit ne pourra être exercé qu'après consultation, prévue à l'article 6, avec l'autre Partie Contractante. En cas d'échec de cette consultation il sera recouru à l'arbitrage, conformément à l'article 8.

#### Article 12

L'entreprise aérienne désignée par le Gouvernement de l'Etat d'Israël conformément au présent Accord, bénéficiera en territoire congolais du droit de débarquer et d'embarquer en trafic international des passagers, du courrier et des marchandises aux escales et sur les routes israéliennes énumérées à l'Annexe ci-jointe.

L'entreprise aérienne désignée par le Gouvernement de la République du Congo conformément au présent Accord, bénéficiera, en territoire israélien, du droit de débarquer et d'embarquer en trafic international des passagers, du courrier et des marchandises aux escales et sur les routes congolaises énumérées à l'Annexe ci-jointe.

#### Article 13

Nonobstant les dispositions de l'Article 11 du présent Accord, mais en application:

- des articles 77 et 79 de la Convention relative à l'Aviation Civile Internationale visant la création par deux ou plusieurs Etats, d'organisations d'exploitation en commun ou d'organismes internationaux d'exploitation.

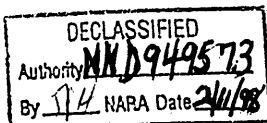
- des articles 4 et 2 et des pièces Annexes du Traité relatif au Transport aérien en Afrique, tel que signé à YAOUNDE le 23 mars 1961, par onze Etats,

le Gouvernement de la République <sup>du Congo</sup> se réserve le droit et le Gouvernement de l'Etat d'Israël l'accepte, de désigner la Société AIR AFRIQUE comme instrument choisi par la République du Congo pour l'exploitation des Services agréés.

#### Article 14

1. L'exploitation des services agréés entre le territoire israélien

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et le territoire congolais ou vice versa des services exploités sur les routes figurant au Tableau annexé au présent Accord, constitue, pour les deux pays, un droit fondamental et primordial.

2. Les deux Parties Contractantes sont d'accord pour faire appliquer le principe de l'égalité et de la réciprocité dans tous les domaines relatifs à l'exercice des droits résultant de présent Accord.

Les entreprises désignées par les deux Parties Contractantes seront assurées d'un traitement juste et équitable, devront bénéficier de possibilités et de droits égaux et respecter le principe d'une répartition égale de la capacité à offrir pour l'exploitation des Services agréés.

3. Elles devront prendre en considération sur les parcours communs leurs intérêts mutuels afin de ne pas affecter indûment leurs services respectifs.

#### Article 15

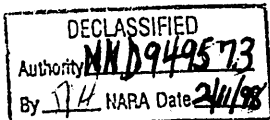
Sur chacune des routes figurant à l'Annexe du présent Accord, les Services agréés auront pour objectif primordial la mise en oeuvre, à un coefficient d'utilisation tenu pour raisonnable, d'une capacité adaptée aux besoins normaux et raisonnablement prévisibles du trafic aérien international.

#### Article 16

1. Les entreprises aériennes désignées indiqueront aux Autorités Aéronautiques des deux Parties Contractantes, trente jours (30) au plus tard avant le début de l'exploitation des Services agréés, la nature du transport, les types d'avions utilisés et les horaires envisagés. La même règle s'appliquera aux changements ultérieurs.

2. Les Autorités Aéronautiques de chaque Partie Contractante fourniront sur demande aux Autorités Aéronautiques de l'autre Partie Contractante toutes données statistiques régulières ou autres de l'entreprise désignée pouvant être équitablement exigée pour contrôler la capacité de transport offerte par l'entreprise désignée de la première Partie Contractante. Ces statistiques contiendront toutes les données nécessaires pour déterminer le volume ainsi que l'origine et la destination du trafic.

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#### Article 17

Les deux Parties Contractantes conviennent de se consulter chaque fois que besoin sera, afin de coordonner leurs services aériens respectifs.

Au cas où un Pays tiers se proposerait d'obtenir des droits sur l'un des itinéraires énumérés à l'Annexe, les deux Parties Contractantes se consulteront pour examiner les conséquences pratiques qu'entraînerait l'exercice de ces droits.

#### Article 18

1. La fixation des tarifs à appliquer sur les Services agréés desservant les routes congolaises et israéliennes et figurant au présent Accord sera faite, dans la mesure du possible, par accord entre les entreprises désignées.

Ces entreprises procéderont par entente directe, après consultation, s'il y a lieu, des entreprises de transports aériens de pays tiers qui exploiteraient tout ou partie des mêmes parcours.

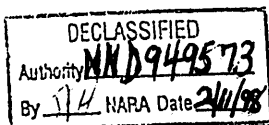
2. Les tarifs ainsi fixés devront être soumis à l'approbation des Autorités Aéronautiques de chaque Partie Contractante au minimum trente jours (30) avant la date prévue pour leur entrée en vigueur, ce délai pouvant être réduit dans des cas spéciaux sous réserve de l'accord de ces Autorités.

3. Si les entreprises de transports aériens désignées ne parvenaient pas à convenir de la fixation d'un tarif conformément aux dispositions du paragraphe 1, ci-dessus ou si l'une des Parties Contractantes faisait connaître son désaccord sur le tarif qui lui a été soumis conformément aux dispositions du paragraphe 2, précédent, les Autorités Aéronautiques des deux Parties Contractantes s'efforceraient d'aboutir à un règlement satisfaisant.

En dernier ressort, il serait fait recours à l'arbitrage prévu à l'article 8 du présent Accord.

Tant que la sentence arbitrale n'aura pas été rendue, la Partie Contractante qui aura fait connaître son désaccord aura le droit d'exiger de l'autre Partie Contractante le maintien des tarifs antérieurement en vigueur.

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T I T R E   I I I  
DISPOSITIONS FINALES

Article 19

Chacune des Parties Contractantes notifiera à l'autre l'accomplissement des procédures constitutionnellement requises pour la mise en vigueur du présent Accord qui prendra effet à la date de la dernière notification.

Article 20

Le présent Accord et son Annexe seront communiqués à l'Organisation de l'Aviation Civile Internationale pour y être enregistrés.

Fait à Jérusalem, le 23 sivan 5722,  
qui correspond au 24 juin 1962,  
en double exemplaire, en langues  
française et hébraïque

Pour le Gouvernement de  
l'Etat d'Israel,  
le Ministre des Affaires Etrangères

Pour le Gouvernement de  
la République du Congo,  
le Ministre de la Production  
Industrielle, des Mines, des  
Transports et Télécommunications

GOLDA MEIR

ISAAC YVES IBOUANGA

DECLASSIFIED  
Authority **MD949573**  
By **SPH** NARA Date **2/4/88**

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ANNEXE

TABEAU DE ROUTE

Route qui peut desservir dans les deux directions l'entreprise désignée  
par l'Etat d'Israel:

Tel Aviv - Brazzaville

Route qui peut desservir dans les deux directions l'entreprise désignée  
par la République du Congo:

Brazzaville - Tel Aviv

Fait à Jérusalem, le 23 sivan 5722,  
qui correspond au 24 juin 1962,  
en double exemplaires, en langues  
française et hébraïque

Pour le Gouvernement de  
l'Etat d'Israel,  
le Ministre des Affaires Etrangères

Pour le Gouvernement de  
la République du Congo,  
le Ministre de la Production  
Industrielle, des Mines, des  
Transports et Télécommunica-  
tions

GOLDA MEIR

ISAAC YVES IBOUANGA

DECLASSIFIED  
Authority **MM 949573**  
By **SP4** NARA Date **2/4/88**

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ACTION			DEPARTMENT OF STATE			984072/12-262		
L-2			<b>AIRGRAM</b>			KR970R72		
RM/F	REP	AF	A-415			UNCLASSIFIED		
1	1	5	NO.			HANDLING INDICATOR		
ARA	EUR	FE						
NE	CU	INR	TO : Department of State			1962 DEC 23 PM 12 43		
4		5	INFO: Brazzaville			ANALYSIS & DISTRIBUTION BRANCH		
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AGR	COM	FRD	FROM : AmEmbassy TEL AVIV			DATE: December 21, 1962		
	10		SUBJECT : Transmission of Air Agreement between Israel and Republic of Congo (Brazzaville)					
INT	LAB	TAR	REF : FAM 10, 143.1					
TR	XMB	AIR						
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ARMY	CIA	NAVY						
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OSD	USIA	NSA						
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Enclosed herewith are four copies of the air agreement concluded between Israel and the Republic of the Congo (Brazzaville) on June 24, 1962. The Embassy is endeavoring to obtain the additional copies as specified in FAM 10, 143.1 and will forward them to the Department as soon as they are received.

FOR THE AMBASSADOR:

*Jack B. Button*  
Jack B. Button  
Second Secretary of Embassy

Enclosure: *att. 4*  
Four copies of agreement

~~Copy sent to Brazzaville~~

LEGAL ADVISER  
DEC 27 1962  
DEPARTMENT OF STATE

UNCLASSIFIED

FORM 4-62 DS-323

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☒ In ☐ Out

Drafted by: **ECON:AGGilliam, Jr. :hls:12/17/62** Contents and Classification Approved by:

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